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[New York]

1918

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SOME POSTAL ECONOMICS

Charles Johnson Post
Jesse H. Neal

PUBLISHERS' ADVISORY BOARD

Some Postal Economics

with special reference to the

Postal Zone System
and
Postal Zone Law of 1917

by

Charles Johnson Post, Director
Publishers' Advisory Board

and

Jesse H. Neal, Executive Secretary
The Associated Business Papers, Inc.

PUBLISHERS' ADVISORY BOARD
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FOREWORD

POSTAL ECONOMICS defines the principles and functions of the postal service.

That the postal service is distinctly Governmental business is clearly attested by experience and universal custom. As a Government function the service can be rendered more efficiently, economically, and with more particular regard for the unification of the people and the cultivation of a national spirit; private exploitation must consider profits of primary importance—and this would lead to a limited expensive service. The Government does not adventure in any proper activity for profit*—and consequently, commercial practices can be subordinated to the advancement of the general welfare.

Abstract principles can be more readily apprehended when discussed in connection with a practical proposition. The recent postal legislation is therefore taken as a text. The legislation referred to, revived a discarded "zone" system, together with an entirely new hazardous and complicated method for computing postage charge, by embodying two different contrary postal rates and charges (flat and zone) upon each single piece of mail matter in the second-class, i.e. periodicals and newspapers.

This revival of a discredited postal system is a matter of supreme public importance. No radical change in postal principles should be adopted without a clear understanding of its full effect upon the country.

"The history of civilization is the history of the struggle for human rights. Basic in this struggle is *free communication on equal conditions.* Progress in the facilities for such communication has made the United States postal service a democratic institution."†

---

*"The post office also may be administered with good reason on noncommercial principles; for the diffusion of intelligence is a boon not measured by its market value. Hence the deficit which the United States incurs from its cheap carriage of books, periodicals, and newspapers is not necessarily a public loss, though a similar deficit on a parcel post for merchandise would be." (*Principles of Economics*, TAUSSIG, page 371.)

†History of the United States Post Office, Roper, 1917, page 79.

In these pointed words Daniel C. Roper, recent First Assistant Postmaster-General of the United States, has in his fine historical study of postal principles made clear the fundamental relation of postal economics to the political and social life of our nation.

The postal service, widespread, direct and *equal*, is the life-blood of a nation; upon postal service depend equality of opportunity and unity of ideals and progress. Upon equality of postal opportunity and accessibility to all Americans depend our national progress and our American democracy.

It is in the power of the readers of American literature to extend encouragement for the widespread dissemination of current news and information, to the end that artificial boundaries to national thought shall be entirely obliterated. Let thought flow freely among all the inhabitants of our country. This is the American ideal of postal function that paves the way to a contented and orderly democracy.

Examination of postal principles and their bearing on the national welfare, with consideration of the discredited postal zone system, is submitted to the American public in the hope that it will inspire vigorous popular demand upon Congress that it safeguard existing social service agencies—periodicals and newspapers—from parochial-minded postal tinkering, calculated to divide our country into restricted postal zones and sectionalize the thought of its citizens.

SOME POSTAL ECONOMICS

CHARLES JOHNSON POST

The postal "zone" system is condemned by the history and development of postal progress.

It is not possible, in the first place, to consider the matter of postal "zone" legislation in regard to publications without understanding the evolution of the postal function and the service it performs in relation to civilization and the society of our day. And in the second place, the function of periodicals in relation to social progress and civilization must itself be understood.

The periodical differs from manufactured products in general, as that term is ordinarily used, in that it confers a greater benefit upon society—both individually and collectively—than it does upon the publishers. The chief beneficiary of the invention of printing was not Guttenberg or the men who developed the art of printing, it was society and civilization; and the benefits to society and civilization so far outweigh the incidental benefit to the inventor that such benefit becomes minute and negligible in the measure of progress and civilization.

There are certain manufactured products that bear this relation to society; that is, they are of far greater importance to society than they are to the individual making them; and any acts or legislation that restricts or limits their easy accessibility falls with destructive and crushing severity upon society, individually and collectively. As an illustration of this distinctive character of certain manufactured products I would cite, for example, chloroform and ether. Now, the manufacturers of chloroform and ether produce it for business reasons; that is, the profit which they make from their manufacture; but it is obvious that any act which would result in the restriction of the use of chloroform or of ether, or make them difficult and inaccessible of use, would place the great burden of penalty and suffering not upon the manufacturer, but upon society itself.

Thus the periodical is a social instrument of such vital importance to education, to progress, to the news of current achievement and current thought, and is so obviously and essentially an intellectual means of communication among humanity, that any restriction upon its accessibility is socially destructive. The greatest minds that have considered his subject of the postal function in relation to periodicals have recog-

nized the distinctive social character of publications and have recognized that they are not the ordinary manufactured products of commerce.*

This principle and fact was clearly recognized even in the earliest days of American postal development, for while the American Constitution was being formulated George Washington wrote to Mathew Carey, of Philadelphia, on June 25, 1788:

I entertain a high idea of the utility of periodical publications, insomuch that I could heartily desire copies of the museum and magazines, as well as common gazettes, might be spread through every city, town, and village in America. I consider such easy vehicles of knowledge more happily calculated than any other to preserve the liberty, stimulate the industry, and ameliorate the morals of an enlightened and free people.

This was not an isolated example of Washington's solicitude over the vital functions of publications, for three weeks later he wrote to John Jay, on July 18, 1788:

It is extremely to be lamented that a new arrangement in the post office, unfavorable to the circulation of intelligence, should have taken place at the instant when the momentous question of a General Government was to come before the people. I have seen no good apology * * * for deviating from the old custom of permitting printers to exchange their papers by the mail. That practice was a great public convenience and gratification. If the privilege was not from convention an original right, it had from prescription strong pretensions for continuance, especially at so interesting a period. The interruptions in that mode of conveyance has not only given great concern to the friends of the Constitution, who wished the public to be possessed of everything that might be printed on both sides of the question, but it has afforded its enemies very plausible pretexts for dealing out their scandals, and exciting jealousies by inducing a belief that the suppression of intelligence at that critical juncture was a wicked trick of policy, contrived by an aristocratic junto. Now, if the Postmaster General, with whose character I am unacquainted, and therefore would not be understood to form an unfavorable opinion on his motives, has any candid advisers, who conceive that he merits the public employment, they ought to counsel him to wipe away that aspersion he has incautiously brought upon a good cause. If he is unworthy of the office he holds, it would be well that the ground of a complaint, apparently so general, should be inquired into, and, if unfounded, redressed through the medium of a better appointment. It is a matter, in my judgment, of primary importance that the public mind should be relieved from inquietude on this subject.‡

*"The post office and the telephone and telegraph are best managed under monopoly conditions for reasons which in part are different. They are much more useful to the public if all-embracing and singly managed. It is conceivable that letter service should be handled by one set of companies in the cities, and by another set in the country. The rates could be, and probably would be, lower in urban districts, if these were separately supplied; and it may be a question whether the present uniform rate, yielding high profits in the cities, is in accord with current notions as to the equitable relation between cost and price. But the enormous convenience of being able to reach any and every correspondent once for all, at a simple fixed rate, outweighs any possible doubt as to the equity of the uniform rate.† To this, of course, must be added, in case of the post office, the educational and political gains from a uniform rate and an all-inclusive service. (*Principles of Economics*, TAUSSIG, page 400.)

†"The expense of the post office is largely for collecting, handling, sorting. These items are the same for every letter in a given district. Mere transportation costs comparatively little. Hence, a uniform charge, irrespective of distance, is not so far out of accord with cost as at first it seems. This was among the main grounds on which Rowland Hill argued for his great reform (penny postage). In a comparatively small and densely settled country, a uniform postage rate thus rests on an economic as well as on a social basis. In a vast country like the United States, the economic reasons are less strong. Distance and cost of transportation count for more in the expenses, especially where not only letters are carried but bulky printed and miscellaneous matter. Uniformity of charge, like the extension of free delivery into sparsely settled country districts, can be justified chiefly on larger social grounds." (Footnote ibid, page 400.)

Washington was not discussing a temporary condition; he was discussing the basic social functions of periodicals, together with the postal function.

There are other instances that show how important this subject was in his mind for in his third annual message in 1791 he again emphasizes the social function of the post office in these particulars:

The importance of the post office and post roads on a plan sufficiently liberal and comprehensive, as they respect the expedition, safety, and facility of communication, is increased by their instrumentality in diffusing a knowledge of the laws and proceedings of the Government, which, while it contributes to the security of the people, serves also to guard them against the effects of misrepresentation and misconception. The establishment of additional cross-posts, especially to some of the important points in the western and northern parts of the Union, can not fail to be of national utility.

In his fourth annual message to Congress, in 1792, he said:

It is represented that some provisions in the law which establishes the post office operate, in experiment, against the transmission of newspapers to distant parts of the country. Should this upon due inquiry be found to be the fact, a full conviction of the importance of facilitating the circulation of political intelligence and information will, I doubt not, lead to the application of a remedy.

And in his fifth annual message to Congress, 1793, with this subject still in his mind, he again lays emphasis upon the social function of the post office and of publications in these words:

But here I can not forbear to recommend a repeal of the tax on the transportation of public prints. There is no resource so firm for the Government of the United States as the affections of the people, guided by an enlightened policy, and to this primary good nothing can conduce more than a faithful representation of public proceedings, diffused without restraint throughout the United States.

The founders of American liberty were keenly alive to the national importance of the post office—and in their anxiety to safeguard the newly born American republic's life, urged that the postal service be used to promote the widest and easiest possible circulation of periodicals and newspapers throughout the length and breadth of the land.

Benjamin Rush, one of the signers of the Declaration of Independence, in 1787, wrote an article entitled—"The Revolution is Not Over"—in which among other observations, he made the following:

"For the purpose of diffusing knowledge, as well as extending the living principles of the Government to every part of the United States—every state, city, county, village, and township in the Union should be tied together by means of the post office."

"This is the true non-electric wire of Government. It is the only means of carrying heat and light to every individual in the Federal Commonwealth. 'Sweden lost her liberties,' says the Abbe Reynal, 'because her citizens were so scattered that they had no means of acting with each other.' It should be a constant injunction to the postmasters to carry newspapers free of all charges for postage. They are not only the vehicles of knowledge and civilization, but the sentinels of the liberties of our country."

‡In 1789 [which is approximately the time that President Washington was writing] there were in all the thirteen States only 75 postmasters. The mails were carried on less than 2,000 miles of post roads, consisting of one long route paralleling the Atlantic coast, with a few cross posts, serving important inland towns. The entire annual cost of carrying mails was less than $25,000; but this, with the other expenses of the service was greater than the revenue, which had been reduced to a figure less than had been realized by the British Colonial post office 15 years before.—(*History of the United States Post Office, 1917*, ROPER, page 44.)

That Congress in those days was strongly influenced by an appreciation of the tremendous social function of the Post Office is attested by the fact that: although they had deficits in those days, the Postal Department was not frightened by deficits. In 1789 the struggling American Post Office was confronted with a deficit—a serious matter in those days—but instead of bending its energies to a restriction of the Postal Service, it proceeded to appropriate more money and extend the Postal Service throughout the young Nation, in furtherance of unity and social progress.

The postal function has developed in a series of epochs, each one marked by certain definite pronouncements in regard to the social function of the post office in relation to, and its effects upon, the people of this Nation. In 1844 a postal commission appointed by the House of Representatives of the United States again laid down the specific and fundamental principles governing the real postal functions. It said that the postal function was:

> To content the man dwelling more remote from town with his lonely lot, by giving him regular and frequent means of intercommunication; to assure the emigrant who plants his new home on the skirts of the distant wilderness or prairie that he is not forever severed from the kindred and society that still shares his interest and love; to prevent those whom the swelling tide of population is constantly pressing to the verge of the wilderness from sinking into the hunter or savage state; to render the citizen how far soever from the seat of government worthy, by proper knowledge as a sovereign constitutent of the Government, to diffuse throughout all parts of the land enlightenment, social improvement, and national affinities, elevating our people in the scale of civilization and binding them together in patriotic affection.

And in 1849 Congressman Palfrey, in speaking of the importance of the administration of the post office on lines of sound and fundamental principles, said:

> I think much of colleges: I dearly love common schools, but I shall not, at present, undertake to say that cheap postage will not turn out to be an institution for education more efficient than any other. I can not tell how soon it might be a question whether the mariner's compass or the art of printing had changed the condition of man more than a good system of postage. Never was a simpler mechanism devised for working out good and great effects.

The struggle for the abrogation of the postal "zone" system was in progress which culminated in the abolition of postage zones and in the establishment of a flat, uniform rate of postage. This was done by Abraham Lincoln in 1863 and upon the strong urging and recommendation of Postmaster General Blair.*

This marked the abandonment of any lingering traces of cost of services and the unsound commercializing of the post office through the postal zone system.

The greatest intellects in America have given thought to the principles and functions of the Postal Service. They have considered the postal

*Postmaster Blair in his report to the President, September 12th, 1862, said:

"I recommend a great reduction in the variety of rates for printed matter for domestic circulation, abolishing all distinction of rates based on different distances of transportation, adopting decimal rates conforming to the coinage of the country instead of the fractional rates now prevailing and equalizing the charges now varied according to distance."

zone system, and as the result of searching, patriotic investigation have unreservedly condemned it as adversely affecting the interests of this country. The post office is primarily a service to the people; if it is a mercantile or commercial enterprise, it has no business as a governmental department. It does not differ in its underlying principles, in its services to the people from the Department of Agriculture, the Department of Commerce, the Labor Department, the Army or the Navy, or the Department of Justice.

Senator Charles Sumner's great speech on postal principles of June 10th, 1870, is clear and convincing:

> "There is nothing in the Constitution" or in reason to distinguish the Post Office in this respect from the Army, the Navy, or the Judiciary. The Constitution confers upon Congress the power "to establish post offices and post roads" precisely as it confers upon Congress the power "to raise and support armies" —the power "to provide and maintain navies," and the power to "constitute tribunals inferior to the Supreme Court," and in each of these cases it is empowered "to make all laws which shall be necessary and proper for carrying into execution the foregoing powers." Nobody suggests that now in peace our armies shall amplify their commissariat by enforced contributions; that our Navy shall redouble its economies by supplementary piracy; or that our tribunals inferior to the Supreme Court shall eak out a salary by requisitions on the suitors—to the end that each of the departments may be in some measure "self-supporting." Why, then, should the Post Office be subjected to a different rule? Not, surely because it is less beneficent; not because it is the youngest child of Government, a very "Benjamin" coming into being long after the others. But such is the case.
>
> "The rule for the others is discarded when we come to the Post Office, and here for the first time we hear that a department of Government must be "self-supporting." As there is no ground in the Constitution for this pretense, so is there none in reason.
>
> "Of all existing departments the Post Office is most entitled to consideration, for it is most universal in its beneficence. That public welfare which is the declared object of all the departments appears here in its most attractive form. There is nothing which is not helped by the Post Office.
>
> "Is business in question? The Post Office is at hand with invaluable aid, quickening and multiplying all its activities.
>
> "Is it charity? The Post Office is the good samaritan omnipresent on all the highways of the land.
>
> "Is it the precious intercourse of family or friends? The Post Office is carrier, interpreter, and handmaid.
>
> "Is it education? The post-office is schoolmaster with school for all and with scholars counted by the million.
>
> "Is it the service of Government? The Post Office lends itself so completely to this essential work that the national will is conveyed without noise or effort to the most remote corners, and the Republic becomes one and indivisible.
>
> "Without the post office where would be that national unity with irresistible guarantee of equal rights to all, which is now the glory of the Republic? Impossible—absolutely impossible. Therefore, in the name of all these, I do insist that now, in these days of equality, the post office shall be admitted to equality with all other departments of the Government, so that it may discharge its own peculiar and many-sided duties without being compelled to find in itself the means of support. It has enough to do without taking thought of the morrow. On every side and in every direction it is the beneficent helper. To the Army it is a staff; to the Navy it is a tender; to the Treasury it is a support; to the judiciary it is a police; to President and Congress it is an adjunct; and to all else, public or private, whatever the interest, aspiration, or sentiment, it is an incomparable ally. Better than two blades of grass where only one grew before, and when the precious product is measured by millions you see the vastness of the benevolence.

OUR POST OFFICE MUST BE THE BEST IN THE WORLD.

* * * The very extent of our country, which is superficially urged as the apology for a high rate, is, to my mind, an all-sufficient reason for the proposed reform. Because our country is broad and spacious, therefore must distant parts be brought into communication and woven together by daily recurring ties.

As a logical development of the social and educational functions of the post office in relation to our Nation, the present law of one cent a pound on periodicals was established in 1885, with the deliberate and avowed intention of establishing widespread national circulation of periodicals, and what Washington called "public prints," and for the distinct purpose of encouraging widespread reading throughout American homes and among American people.

That there would be expenses was, of course, anticipated, that those expenses might even be greater than the immediate revenue was also anticipated and recognized just as the total deficits in the Department of Agriculture and the Department of Justice, in the Army and the Navy, are turned in, not as deficits to the Nation, but as necessary expenditures for the tremendous safeguards to the Nation and as powerful urges in its progress. Postmaster General Vilas, in his annual report, June 30, 1887, stated:

The taxation for the maintenance of the Postal Service by the imposition of postage levies on its beneficiaries commends itself as the justest form in which the burdens of Government can be assessed upon citizens, if the assessments be laid with discriminating fairness. It must be conceded that the disproportionate levy upon newspapers and periodicals—which furnish perhaps one-third the weight and bulk of our mails, while they return but about one-fortieth of the revenue—violates this principle; but it has been yielded in this instance to the general advantages of a freer circulation of intelligence, the attainment of which should be regarded as a sufficient consideration.

Otherwise the present rates appear to recognize the differences between the different classes of matter with as near approximation of justice as can be attained in our currency; the greater burden being upon, and probably all the profit arising from, the carriage of first-class matter, which must make good the loss sustained in the other classes, in order to a self-sustaining service.

The paramount duty of the Government, so far as concerns this department, is to furnish the most perfect and useful postal facilities to the people, within the authority of the Constitution, which the skill of man can provide. It is due to the character of the citizens of this country, to their freedom and enlightenment, to their enterprise and activity, to their wealth and power, and especially to the intimacy of their personal relations maintained over so great an expanse of territory, to an extent never equaled, hardly aimed at, elsewhere on the globe, from which arise the fraternity of feeling and community of interest that furnish the safest guaranties for the future stability and value of our Federal institutions. It is, indeed, their due as a personal, individual right, because the Government monopolizes the postal business and forbids them all other attempts at self service.

Upon every ground the postal service rightfully urges a constant and exacting demand upon legislative and executive wisdom and labor for its enlargement and improvement to the utmost of perfectibility.

Whatever the postal revenue, whether it be sufficient to postal burdens or whether the General Treasury be chargeable for their support, this superior obligation remains unchanged and undeniable. The method by which the taxation which maintain the service is imposed—so that it be constitutional and not unjust or partial—is of far less consequence to the country than the character and efficiency of the facilities it affords. Yet, obvious as this principle of governmental duty appears to be, it will rarely command the same obedience in practical legislation or administration when, by abridgment of the postal revenues, the service imposes a heavy charge upon the General Treasury, as when its independent revenues are sufficient to meet its exigencies.

Since that day postal commissions have been created by Congress, and they all, however they may differ in detail, up to the latest, known as the Hughes Commission, unequivocally condemn the postal-zone system*

For the postal-zone system increases the postage cost to the reader of periodicals in increasing proportion, according to their accidental remoteness from the place of publication. That it would lessen reading throughout the Nation can not be doubted. And it is a curious commentary of history that in 1774, two years before the American Revolution, when the colonists were restless with new ideals of liberty, the British Post Office, instead of establishing a censorship or a direct suppression of the periodicals of that day, accomplished their purpose by means of huge postage increases on the periodicals and prints; and yet, 146 years later, in 1917, during the most momentous period in our Nation's history, the United States Congress enacted a law that will have the same effect on the periodical circulation as the Royalists' scheme for hampering political freedom and idealism in America.

It is an indisputable fact that the periodical is distinctive from usual manufactured products in that (1) it is a social instrument without which our present civilization would be impossible, and (2) that it not only is distinctive but differs from all other products of manufacture in that it is sold to the ultimate consumer, i.e., the reader, at less than its actual cost of production. This latter distinction is further emphasized by the fact that, in general, publications are sold to the subscriber at less than he would be able to purchase the unprinted, white paper at the mill in wholesale quantities; this is only true of magazines since 1885, when the one-cent-a-pound rate for second-class mail matter was adopted.

Moreover, since 1885 periodicals have been constantly lessening in price and increasing in content and the service rendered our Nation. Before that date magazines were comparatively few and they were expensive. The five cent magazine, the ten cent magazine, and the fifteen cent magazine are the results of that second-class postage law of 1885, which has placed within reach of the humblest and the poorest American home, the finest achievements of intellectual and scientific progress. The five, ten and fifteen cent magazines were undreamed of before 1885, when the magazines were twenty-five and thirty-five cent magazines intended only for the already informed and cultured and supercultured classes, and these twenty-five and thirty-five cent magazines were the standard price magazines at a time when the purchasing value of twenty-five and thirty-five cents was more than double its value to-day. So that, in order to secure a measure of what twenty-five and thirty-five cent magazines meant to the people of this country and to our social system we must consider it in terms of fifty and seventy-five cents a copy as compared with the prevailing prices of the popular magazines.

---

*Of the postal zone law hastily passed in 1917, Charles E. Hughes, Chairman of the Postal Commission wrote:

"I hope that Congress will repeal the provision for the zone system which is decidedly a looking-backward and walking-backward measure," (for the full letter condemning the "Zone" system see Appendix A).

The law of 1885, fixing the cent-a-pound rate on periodicals was adopted on the principle that widespread reading and accessibility of information, of reports of cultural, economic, scientific and sociological progress was important to the Nation. And the publishers of this country have kept faith with that law and with its fundamental postal principle for they have not raised the price of magazines but, on the contrary, have continually sought to lower the price of periodicals and to extend the field of their accessibility and serviceability.

Periodicals are, with comparatively few exceptions, sold to the reader at less than their cost of manufacture, and this has been made possible through the development of advertising in which the commercial enterprises of this country pay the difference between the cost and the selling price. Cheap reading matter of all kinds is available to the American people, because advertising carries the main cost of publishing and also because publishers have been able to deliver their products in any part of the country at a reasonable flat rate of postage. The amount of money spent by publishers on many of our great technical journals for articles, reports, researches, and other matter in the reading pages proper is so greatly out of proportion to the money received from subscribers that only careful building up of advertising patronage and revenue makes such journals possible at all.

What the reading pages of a periodical are to the intellectual progress of this Nation the advertising pages are to the economic growth of our country; for national advertising is also a new instrument of economic progress and social service that has developed with, of, and by periodical growth.

National advertising is one of the greatest social and economic instrumentalities ever devised for the distribution of manufactured wealth and its production; it has made possible to the manufacturer the establishment and growth of a business rapidly which without the development of advertising would have taken years or would have been impossible. Advertising is nothing more nor less than a salesman, an automatic, sleepless salesman who can perform selling functions at an infinitesimal cost and in regions and to people that would be inaccessible through the old-fashioned channels of individual commercial selling.

When legislation attacks national advertising, through the post office or by any other means that will restrict it, the post office and postal legislators are attacking and restricting wealth-production itself.

This postal "zone" law, no matter by what name it is called, is a discriminatory tax against national advertising. For this postal "zone" law places a tremendous and successive increase in postage upon national publications and penalizes them according to the amount of advertising that they print. It is distinctly—according to the language of the Statute as enacted and according to the open statements of its most strenuous defenders—nothing but a tax upon the national advertising that is carried in periodicals of national circulation. It distinctly exempts from taxation all local publications or publications of local circulation. It is a penalty or tax that discriminates against the national periodicals and in favor of local publications.

It is no wonder that the local publications have so energetically carefully, and enthusiastically supported this so-called postal "zone"

legislation, which really is an unfair discriminatory tax against one class of advertisers and publishers and in favor of another class of advertisers and publishers. The publications of local circulation are enthusiastic for this law which attacks advertising in periodicals of national circulation and exempts advertising in publications of local circulation; they have passed resolutions throughout the country indorsing this law; they have written, talked and circularized each other in advocacy of this postal "zone" system with its careful discriminations in their favor; not satisfied with the discriminations against national periodicals, they have bent every energy before Congress in support of what they call the McKellar amendment, which would still further increase the discrimination against advertising in national periodicals by extending the zones of low postage rate in which local publications circulate with their advertising. This is what one of them—and one very widely quoted in Congress and throughout the country—has to say in support of this discriminatory tax against national advertising:

> Besides all that, I am mercenary in my opposition to your program (repeal of the postal zone law). Three hundred miles on every side is all the territory I want for my publication, and is enough for any newspaper. I want the newspaper that comes into my territory from Minneapolis, Chicago and New York to pay high for the privilege. * * * Furthermore, I am opposed to classifying newspapers with magazines and periodicals for postage purposes. * * *
>
> If Congressmen do their full duty to their Government and their home constituents, the only changes that will be made in the present (postal zone) law will be to put a few more teeth in it which will make second class mail pay, mile for mile or zone for zone, the cost to the Government for handling it. When that is done the country newspaper will come into its own, for it will have an advertising and subscription value it has never had before.

It has been represented by these advocates of this unequal postal law that it will cut down an alleged Post Office deficit. In the first place the Post Office Department has shown, instead of a deficit, a surplus of over $12,000,000 in 1917, and over $19,000,000 in 1918; and in the second place, the postal "zone" which they so strenuously favor, alleged to have been adopted because of a postal deficit, specifically exempts certain classes of publications from the payment of any postage whatsoever. There is not one argument that can be advanced in support of the carrying of this mail, for which no charge is made, that does not apply with equal force to maintaining the periodical postage law of 1885 as applied to all American publications.

This postal zone legislation has been ostensibly based on a nonexisting Post Office deficit. It ignored the findings of the United States postal commissions which investigated this subject. The latest postal commission, known as the Hughes Postal Commission, unequivocally condemned the postal zone system. It also ignored the findings of the commission just previous to the Hughes Commission, known as the Penrose-Overstreet Postal Commission, which also condemned the postal zone system.*

The adoption of this postal zone law has defied and denied the conclusions of both of these official commissions in regard to the postal zone

*See Appendix B for Postal Tabulations and Confusions in Post Office Accounting and Evidence.

system. The Post Office, according to the reports of both commissions has never been able to furnish adequate or substantial data upon which to base cost legislation, for the Post Office Commission the Penrose-Overstreet Commission stated:*

> The Post Office Department is not now able and has never been able to furnish statistics as to the cost of the various classes of mail matter. * * * Until the entire system of expenditure, accounting, and bookkeeping of the Post Office Department is completely overhauled and put upon a new basis, it will be impossible, even with all the results from the present weighing (referring to the weighing of 1906) statistically to ascertain the cost of the respective classes.

The Hughes report, made in 1912, stated that it was impossible to secure from the Postal Department adequate records later than 1908. In other words, every argument based upon statistics in regard to postal matters is based upon figures compiled in 1908, or 10 years ago.

Moreover, the Hughes Commission stated:

> Our attention has been directed to the fact that the Postmasters General in their annual reports have repeatedly commented upon the increase in the volume of second class matter, and upon the disparity between the supposed cost of transporting and handling it in the mails and the amount received as postage. Their estimates evidently reflected the opinion of the officers of the department, but they were based upon general experience in the service and not upon a scientific ascertainment of cost.†

And, further, as to the relation between the poundage of second class matter and deficits alleged to be caused by these periodicals, the Hughes Commission found:

"But it may be observed that neither the reductions in the paid-at-the-pound rate of 1874, 1879, and 1885, nor the increase in tonnage of paid-at-the-pound matter during the same period—nor yet the very large increase of 1910—can be shown to have exercised a controlling influence upon the department's deficit"‡ so that, by the findings of the Hughes Commission we are scientifically assured that the large increase of periodicals at the pound rate in 1910 had no controlling influence upon any postal deficit, and that there has been since that date no official examination to disclose any change of those fundamental principles laid down by the Hughes Commission.

Moreover, since the Hughes Commission report the post-office has changed its whole system of handling second-class mail and its method of transportation. It has changed from a weight basis to a space basis on the railroad trains and has introduced the transportation of periodicals by means of freight cars, instead of postal cars.§

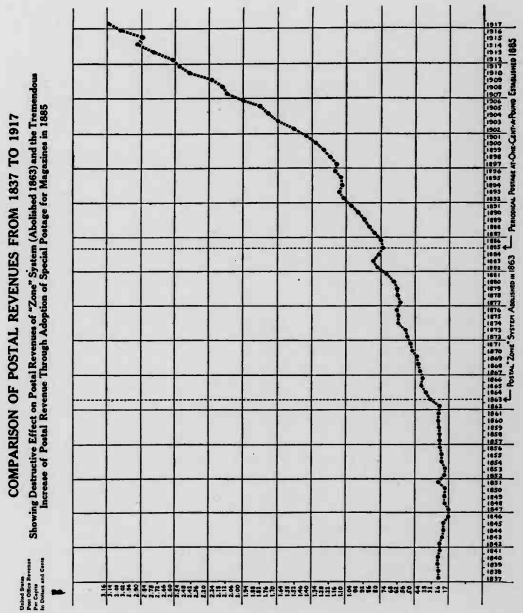
The chart, entitled, "Comparison of Postal Revenues from 1837 to 1917," shows the destructive effect on postal revenues of a zone system (abolished in 1863) and the tremendous increase of postal revenues through the adoption of special postage for magazines in 1885.

*Penrose-Overstreet Postal Report, (House Doc. No. 608; 59 Cong. 2d sess.)

†Message of the President transmitting the Annual Report of the Postmaster General for 1911—and Report of the Commission on Second-class matter, page 65. (Ibid 64.)

‡The figures are supplied in the Postmaster General's report of 1917, on page 118, in the exact fractions.

§Postmaster General's Report, 1917, p. 17.


COMPARISON OF POSTAL REVENUES FROM 1837 TO 1917
Showing Destructive Effect on Postal Revenues of "Zone" System (Abolished 1863) and the Tremendous Increase of Postal Revenue Through Adoption of Special Postage for Magazines in 1885
Postal "Zone" System Abolished in 1863
Periodicals Postage at One-Cent-a-Pound Established 1885

From 1837 to 1863, when the zone system was in effect, the postal revenue of the department ranged from 26 cents to 33 cents per capita.

In 1863 the postal zone system was abolished by President Lincoln, and the flat rate of postage established.

From 1863 to 1885 there is a tremendous upward curve in the postal receipts per capita, jumping to 76 cents per capita in 1885.

In other words, an increase of over 200 per cent in postage revenue was accomplished by the abolition of the postal zone system.

In 1885 the one-cent-a-pound periodical postage law was established for the encouragement and development of widespread and accessible reading and information. And under this law the postal receipts per capita grew from a maximum 85 cents per capita in 1883 to $3.16 per capita in 1917.

The chart marks the three periods, the first period from 1837 to 1863 when we had the postal zone system, and the rate-by-distance system. The second period or postal epoch from 1863 to 1885, when we had a flat rate, and the zone system was abolished, and marking the increase in postal revenues during that time. And the last epoch from 1885—when one-cent-a-pound postage was introduced—up to 1917, showing a marked upward trend in postal revenues.

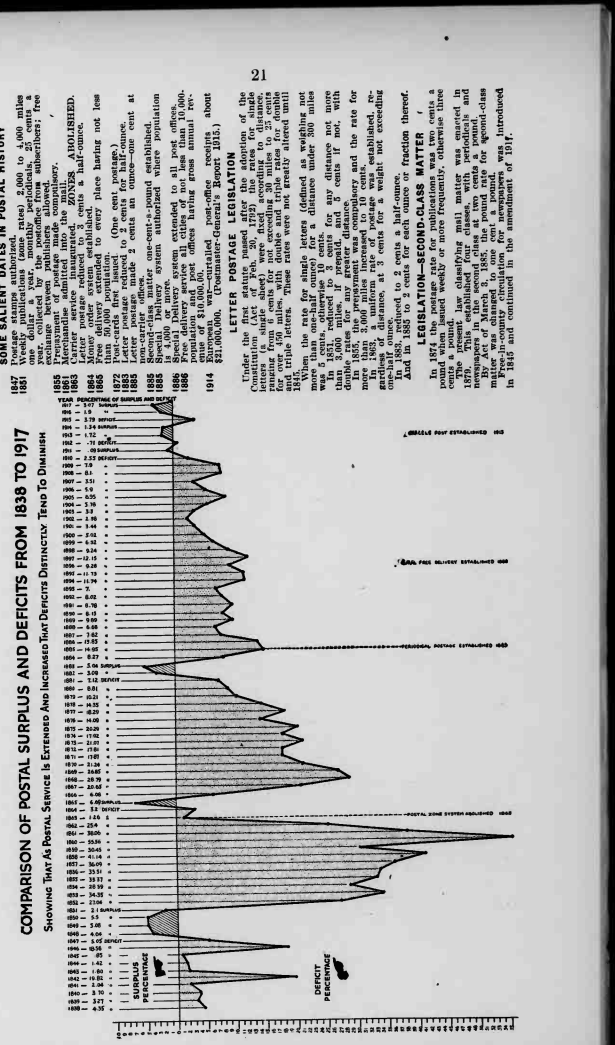
It will be observed that there was no growth in the postal service, which ran along at practically a dead level until 1863. From 1863 the postal revenues went from 33 cents to 85 cents per capita in 1883, dropping off in 1885 to 76 cents. In other words, there was an increase of over 250 per cent in postal revenues. This was accomplished by the abolition of the postal zone system as is clearly indicated by the steady increase in per capita postal revenues directly following the introduction of the low second class rate on publications. It is further proven by the fact that while periodical poundage increases so do the per capita postal revenues!

In 1885 the one-cent-a-pound periodical postage law was established for the encouragement and development of widespread and accessible reading and information, and under this law the postal receipts per capita advanced from 76 cents per capita to $3.16 per capita in the year 1917 and $3.67 in 1918.

In this connection it is interesting to note that since 1885 the population of this country *has only approximately doubled while the postal receipts have increased over 400 per cent.*

Your attention is next invited to the chart headed "Comparison of postal surplus and deficit from 1838 to 1917," which shows that as postal service has extended and increased that deficits distinctly tend to diminish.

The deficits are not given in actual dollars, but in the percentage compared with the expenditures of that year, which is the only rational method of comparison. Observe that the *heaviest deficits* occurred in those periods in which the *postal service was most restricted* and when its benefits were reserved through the postal zones and high charges to the patrons—to the wealthier and already educated classes. The


COMPARISON OF POSTAL SURPLUS AND DEFICITS FROM 1838 TO 1917
SHOWING THAT AS POSTAL SERVICE IS EXTENDED AND INCREASED THAT DEFICITS DISTINCTLY TEND TO DIMINISH
SURPLUS PERCENTAGE
DEFICIT PERCENTAGE
POSTAL ZONE SYSTEM ABOLISHED 1863
PERIODICAL POSTAGE ESTABLISHED 1885
RURAL FREE DELIVERY ESTABLISHED 1896
PARCELS POST ESTABLISHED 1913

SOME SALIENT DATES IN POSTAL HISTORY

1847 Postage stamps authorized.
1851 Weekly publications (zone rates) 2,000 to 3,000 miles one dollar per year. Prepayment by the postmaster from subscribers; free exchange between publishers allowed.
1855 Prepayment of postage on all mail matter compulsory.
1861 Merchandise admitted into the mails.
1863 Carrier service inaugurated; cents a half-ounce.
1863 Money order system established.
1864 Postal-cards first issued to every person in the country.
1865 Letter postage made 2 cents an ounce—one cent at offices where population exceeded 50,000.
1872 Post-cards first issued. (One cent each.)
1883 Letter postage reduced to 2 cents for half-ounce.
1885 Letter postage made 2 cents an ounce—one cent at offices where population exceeded 50,000.
1885 Second-class matter one-cent-a-pound established.
1885 Special Delivery system authorized where population exceeded 4,000.
1886 Special Delivery system extended to all post offices.
1888 Postage on second-class matter reduced to one cent per pound.
1896 Rural Free Delivery established; now (1918) over 41,000.
1913 Parcels post offices established; now (1918) over 31,000.
1914 Revenue of $10,000,000 from postage-stamps and stamped envelopes; now (1918) about $21,000,000. (Postmaster-General's Report 1915.)

LETTER POSTAGE LEGISLATION

Under the first statute passed after the adoption of the Constitution (1792) letters (single sheet) were rated according to distance, ranging from 6 cents for not exceeding 30 miles to 25 cents for 450 miles and over. Double letters were charged double rates, and triple letters. These rates were not greatly altered until 1845.

When the rate for single letters (defined as weighing not more than one-half ounce) for a distance under 300 miles was 5 cents, and for greater distances 10 cents.

In 1851, reduced to 3 cents for any distance not more than 3,000 miles, and for greater distances 5 cents if not, with double rates for greater weights.

In 1855, the prepayment was compulsory and the rate for more than 3,000 miles was 10 cents.

In 1863, a uniform rate of postage was established, regardless of distance, at 3 cents for a weight not exceeding half an ounce.

In 1883, reduced to 2 cents a half-ounce.

And in 1885 to 2 cents for each ounce or fraction thereof.

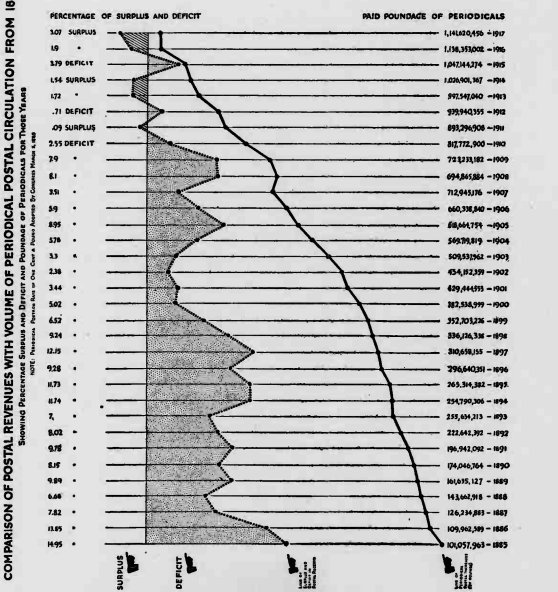
LEGISLATION—SECOND-CLASS MATTER

In 1874 the lowest rate for publications was two cents a pound when issued weekly or more frequently, otherwise three cents a pound.

This established four classes, with periodicals and newspapers in the second class.

By Act of March 3, 1885, the pound rate for second-class matter was changed to one cent a pound.

In 1845 and continued in the amendment of 1917.



Number of Periodicals per Issue to Each 100 of Population by States

	W'ly	M'ly	Total		W'ly	M'ly	Total
Ala.	2.	3.6	5.6	Neb.	7.	10.8	17.8
Ariz.	10.	12.5	22.5	Nev.	9.	8.1	17.
Ark.	2.5	5.5	8.	N. H.	4.9	8.1	13.
Cal.	11.2	16.3	27.5	N. J.	5.7	5.6	11.3
Colo.	8.2	13.2	21.4	N. M.	5.9	5.1	11.1
Conn.	7.1	10.3	17.4	N. Y.	10.	8.2	18.2
Del.	5.4	7.8	13.2	N. C.	1.7	4.6	6.3
Fla.	4.	6.4	10.4	N. D.	5.2	8.7	13.9
Ga.	2.3	5.2	7.5	Ohio	6.4	11.3	17.7
Idaho	8.1	15.2	23.3	Okla.	2.4	7.3	9.7
Ill.	3.7	9.4	13.1	Ore.	8.6	14.	22.6
Ind.	6.9	9.7	15.9	Pa.	5.4	7.8	12.8
Iowa	5.8	9.8	15.5	R. I.	7.4	8.3	15.7
Kans.	5.6	8.6	13.7	S. C.	1.9	3.6	5.5
Ky.	2.2	6.1	8.3	S. D.	5.5	9.5	15.
La.	2.9	4.2	7.1	Tenn.	2.4	5.8	8.2
Me.	4.7	10.5	15.2	Tex.	2.6	5.6	8.2
Md.	5.4	6.8	12.2	Utah	6.9	11.2	18.1
Mass.	5.9	9.1	15.	Vt.	4.9	9.6	14.5
Mich.	5.3	11.1	16.4	Va.	4.	5.8	9.
Minn.	6.8	10.6	17.4	Wash.	9.4	15.8	25.2
Miss.	1.3	3.1	4.4	W. Va.	3.2	7.2	10.4
Mo.	4.6	9.4	14.	Wis.	4.6	7.2	11.8
Mont.	12.2	19.	31.2	Wyo.	8.8	15.3	24.1

Expenditures for Rural Delivery Service
Report Postmaster General, 1917
(Page 105)

1897	$	14,840	
1898		50,241	
1899		139,013	
1900		450,132	
1901		1,750,321	
1902		4,059,041	
1903		7,085,515	
1904		12,644,276	
1905		20,564,885	
1906		25,011,625	
1907		28,661,585	
1908			$34,371,939
1909			35,661,034
1910			39,314,789
1911			40,911,422
1912			41,859,422
1913			45,643,810
1914			47,565,819
1915			52,260,219
1916			61,952,328
1917			62,423,090

perpendicular line marks out the three postal epochs. One period prior to 1863, the second from the abolition of the postal zone system in 1863 down to the adoption of the one-cent-a-pound periodical postage in 1885, and the third, from 1885 to 1917, since the periodical one-cent-a-pound rate has been in operation.

This chart clearly evidences that the heaviest deficits occurred in those periods in which the postal service was restricted, and when its benefits were reserved, through the postal zones and high charges to patrons—to the wealthier and already highly educated classes.*

It is distinctly to be noted that postal progress has developed since 1837 in three unmistakably marked epochs;

One, the period prior to 1863, when the postal-zone system was abolished.

Second, from the abolition of the postal-zone system, in 1863, to the adoption of the cent-a-pound periodical postage, in 1885.

Third, from 1885 to the present day.

There has been a smaller average percentage deficit in this last period than ever before in the history of the Post Office Department, culminating in the unprecedented succession of surpluses from 1913 up to 1917, when it was over $12,000,000 and over $19,900,000 in 1918. Postmaster General Burleson has attributed the only break in this succession of postal surpluses to the disturbed conditions of the world war which decreased the revenue $21,000,000.†

Chart entitled "Comparison of postal revenues with volume of periodical postal circulation from 1885-1917" gives in greater detail the postal and periodical situation for the years from 1885, when the one-cent-a-pound rate was adopted, up to 1917, showing the surplus and deficit and poundage of second class mail for the several years.

This chart is simply an enlargement of the preceding chart. It illustrates the third epoch in postal history.

From 1885 the line of deficits in the Postal Department, which is the same line as on the preceding chart, while fluctuating up and down a little, shows an upward trend of diminishing deficits until in 1911 the period of surpluses begins.

In 1885, before the periodical postal law became effective, the total poundage of periodicals was 1,000,000 pounds, and year by year it constantly increased in almost an exact ratio or parallel with the average line of diminishing postal deficits.

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*The exceptional surplus in 1865, is explained by the unusual conditions then prevailing.

"Montgomery Blair, who was Postmaster-General during the administration of Lincoln, pursued a liberal and constructive policy with respect to the postal service. Partly as a result of the discontinuance of mail service in the Southern States, he succeeded in greatly reducing the postal deficit, and actually produced in 1865 a surplus of nearly one million dollars."
(Roper's History of the United States Post Office, page 73.)

†Postmaster General's Report 1915, page 4

The black line beginning at the bottom and left hand corner of the chart is the line of periodical poundage showing second class mail matter increases by pounds, beginning with 1885 when it was 101,000,000 pounds. This second class mail matter continues in a constantly ascending poundage with but one period of decrease, in the year 1908, and it then again starts its upward trend, developing very rapidly.

While there is not a great deal of fluctuation in this ascending curve of periodical postal poundage, yet what little change there is here and there is almost identical with the general trend of the rise and fall of postal deficits, as indicated by the lines of deficits above, so that they constitute substantially a parallel of rising poundage and decreasing postal deficits, and there is an unmistakable ratio between the two.

From 1911 to 1917, the Post Office has had more surplus years than in any other similar period and these years correspond with the years when the periodical mail was the greatest in the history of the Post Office Department and of publishing history!

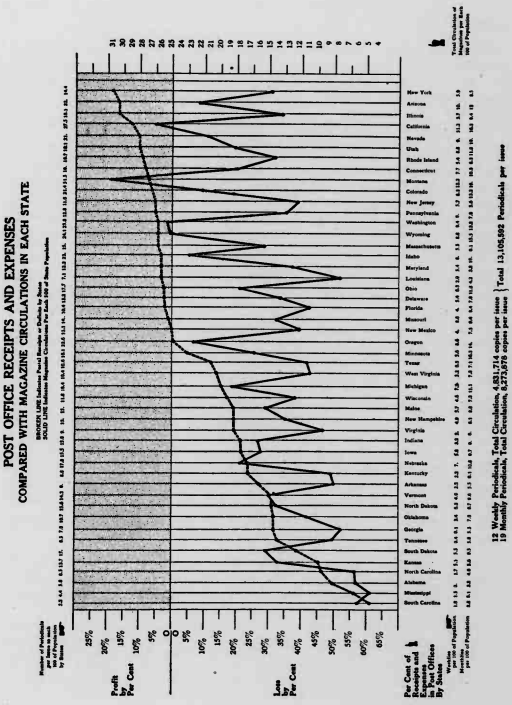
This indicates clearly the constant ratio between periodical circulation and postal receipts. And indicates too that if it were not for periodical circulation, the postal receipts would so lessen as to constitute an additional and tremendous yearly postal deficit to be met out of the General Treasury.

Observe the line of postal deficits and periodical circulations from 1905. You will notice that almost in an exact ratio as periodical circulation goes up, so does the postal deficits decrease, and that in 1907 when periodical poundage decreased, so also did the deficit in the Post Office Department concurrently increase, and that from 1909 the deficits again decreased as the poundage grew; and that as the periodical poundage fell off in 1912, so was there again established a deficit in the Postal Department as against a surplus for the preceding year.

The relation between the volume of periodical circulation and the deficits and surplus in the Post Office, is too striking to be ignored. It not only illustrates but in the illustrating proves a vital relationship between the two.

And a further illuminating fact in the relation of increasing periodical circulation to decreased postal deficits is that the rural free delivery was established in 1896. It is one of the most expensive services in the Post Office and its cost in 1917 was over $52,000,000 and it has not directly returned one cent of revenue. Yet despite this tremendous increase through the adoption of the rural free delivery, the Post Office deficits continue to diminish in the same fairly even ratio with increasing periodical circulation. Periodical circulation alone is the one factor that can be credited with the stimulation necessary to absorb this tremendous expense of the rural free delivery.

To refer once again to these allegations that periodicals cause a loss and are responsible for bookkeeping deficits in the Post Office, the reader is referred to the Chart entitled "Post Office receipts and expenditures compared with magazine circulations in each State."


POST OFFICE RECEIPTS AND EXPENSES
COMPARED WITH MAGAZINE CIRCULATIONS IN EACH STATE
Profit by Per Cent
Loss by Per Cent
12 Weekly Periodicals, Total Circulation, 4,851,714 copies per issue
19 Monthly Periodicals, Total Circulation, 8,273,978 copies per issue
Total 13,105,692 Periodicals per issue

The broken line indicates postal deficit or surplus for each particular State. The States are not arranged alphabetically, but according to the order of their constantly *decreasing* deficit by States, and on up into the States that have the surpluses. The portion shaded in "stipple" indicates the portion by which the States can be identified that show a postal surplus.

South Carolina shows the greatest difference between postal expenditures and postal receipts, and so on up with a decreasing deficit over expenditures until we reach Oregon, which shows an almost even balance between postal expenditures and postal receipts.

From Oregon on, this broken line shows, since it passes above and into the "stipple" portion, a surplus.

The solid black line shows the circulation of periodicals per issue for each 100 inhabitants of each State. It would be manifestly unfair to compare circulation of periodicals by States without regard to their populations, so that the results have been tabulated from the number of copies of magazines per issue, compared with 100 inhabitants of each particular State.

Magazine circulation by States is known only to the periodicals themselves, or possibly by the post office. If the post office knows it, it never has published that fact. This exhibit is prepared from data supplied by the publishers of the several publications. It comprises 12 weekly periodicals, with a total circulation of 4,800,000 copies per issue, and 19 monthly periodicals, with a total circulation of 8,273,000 copies per issue.*

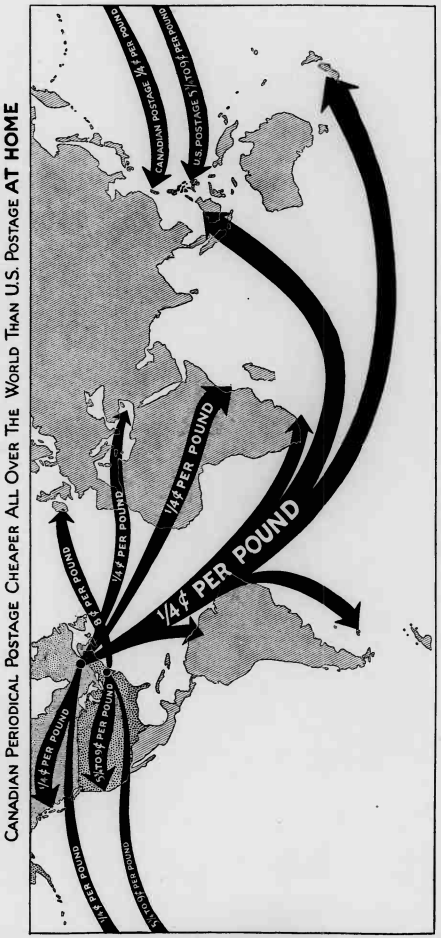
These magazine circulations per 100 inhabitants are placed in comparison with the postal deficits or surpluses of the respective States. While the per capita circulation of the periodicals varies in a zigzag line, it is perfectly apparent that *there is a continual upward trend* of the average direction of the magazine-circulation line. And that those States having the lowest circulation per 100 inhabitants have, in general, the greatest postal deficits; while those States, on the contrary, which have the greatest volume of periodical circulation per 100 inhabitants have the lowest deficits or the greatest surpluses.

If it is true that the cost of delivering magazines is a heavy burden upon the post office, it must absolutely follow that those States which have the greatest volume of periodicals to distribute per 100 inhabi-

*The following weekly periodicals were taken because considered fairly representative of their class of publication: The Country Gentleman, the Saturday Evening Post, Leslie's Illustrated Weekly, Judge, Collier's, the Continent, the Scientific American, Life, Every Week, All Story Weekly, the Argosy, and the Outlook. They are magazines that range from the religious to the humorous, the scientific, and general, to those without political complexion to those having political complexion. It is a general compilation.

The monthlies were The Ladies' Home Journal, the Popular Science Monthly, Scribner's Magazine, Outing, the Illustrated World, the Manual Training Magazine, the American Magazine, the American Review of Reviews, Comfort, the Modern Priscilla, Current Opinion, the Woman's Home Companion, McClure's Magazine, Snappy Stories, the Railroad Man's Magazine, the Pictorial Review, the Expositor, Current Anecdote, Munsey's Magazine, and Live Stories; running throughout the gamut of the publications, and representing publications of every shade and character. (Appendix D.)

PERIODICALS CIRCULATION COMPARED BY STATES
EXPLANATION
BASED UPON
12 WEEKLY PERIODICALS, TOTAL CIRCULATION 4831774 COPIES PER ISSUE
19 MONTHLY PERIODICALS, TOTAL CIRCULATION 8273805 COPIES PER ISSUE
TOTAL 13,105,952 COPIES PER ISSUE


CANADIAN PERIODICAL POSTAGE CHEAPER ALL OVER THE WORLD THAN U.S. POSTAGE AT HOME
CANADIAN POSTAGE ¼¢ PER POUND
U.S. POSTAGE 5½TO9¢ PER POUND
¼¢ PER POUND
¼¢ PER POUND
¼¢ PER POUND
5½TO9¢ PER POUND
¼¢ PER POUND
5½TO9¢ PER POUND
¼¢ PER POUND
5½TO9¢ PER POUND

tants must have the greatest deficits. New York, which is one of the eastern publishing centers, has a circulation of 14.4 periodicals per 100 inhabitants; it has a heavy magazine circulation. The New York State postal service has throughout the State the same burden of cost for delivering these periodicals as has any other State; but we may ignore this feature for the moment and take that State which is farthest away from New York State, and hence would show, naturally, the heaviest charge for distribution and delivery. Let us take California as a State most remote and having large areas of extremely sparse populations.

This chart shows that California has 27.5 magazines per 100 of population and should, according to the logic of the postal "zones" advocates, show a postal deficit. *But we find that California shows a postal surplus* over its postal expenses of over 28 per cent.

We find further that Montana, a State which certainly can not have a low cost postal delivery system, has a circulation of 31.2 magazines per 100 of population, which should have given them a scandalous deficit, and, on the contrary, we find that Montana has a postal surplus of over 27 per cent.

And so through the other States in the same way we find that there is a consistent relation between these highly significant facts.

The next chart illustrates the postal principles of Canada, whose rate is one quarter of our rate for periodicals, namely, one-fourth of one-cent per pound; that the Canadian post office sends a magazine all over the world, to the British possessions, at a flat rate of one-fourth of one cent a pound, while our rate for periodicals, identical in character, shipped from New York west of Colorado is an aggregate of 6 to 9 cents a pound. Further, the Canadian post office raised postal rates on all classes of postal matter as a war measure but retained the one-fourth-of-one-cent a pound-rate on periodicals in order that the accessibility of reading matter during the great world war should not be restricted.

There are in the figures furnished in the report of the Postmaster General some very definite indications of the postal cost of periodical mail. In his report* we find that the total shipments of periodicals by freight during the year 1917 consisted of over 4,300 carloads, weighing over 127,000,000 pounds—not a mere laboratory experiment in postal efficiency but an actual practice of over 12 per cent of the total volume of periodical circulation—and he stated that this poundage was transported at a cost of a very close approximation of one-half a cent per pound. This, therefore, gives us one definite factor.

In the second place, in the same report of the Postmaster General for 1917, (page 107) we find that the average cost of delivering on the Rural Free Delivery System—the most expensive system in the Post Office—is $0.0144 per piece, whether it be a post card, a 6-pound book or a 20-pound parcel-post package. Add to this one-half cent for the proven cost of the railway transportation and we have a total cost of less than 2 cents for the transportation and delivery of a pound

*Postmaster General's Report, 1917, p. 18.

periodical—at the most expensive postal delivery system in the department and on the latest official figures of the Post Office Department itself.

If it costs but $0.0144 to deliver a pound magazine over the most expensive Rural Free Delivery System, how much less must it cost to deliver a pound magazine by city or village delivery?

The Rural Free Delivery is admittedly the most expensive delivery system in the department; but in the issue of the Congressional Record of March 23, 1918, there is a record of the appearance of the Fourth Assistant Postmaster General, J. I. Blakslee, before the House Committee on Post Office and Post Roads who urged the extension of the Rural Free Delivery System and that it should include in its service the collection and delivery of farm produce, butter, cheese, chickens, eggs, honey, nuts, apples or spare ribs. He stated in his official argument that the Post Office could include farm produce, its collection, transportation, and delivery, and increase the rural free delivery routes up to 100 miles and still make a profit at the postal charge of one-half cent per pound. This is an official statement from a responsible official of the Post Office Department itself.

It is to be borne in mind that these spare ribs, these packages of eggs and of butter, and jars of honey are perishable, fragile, and irregular in size and weight and not easily handled or sorted. In the light of this official postal fact—and the latest available—it is obviously unsound to argue that a neat, clean, easily handled magazine weighing a pound, or less or more, can not be transported and delivered as cheaply as a leg of mutton or a half dozen eggs.

And there is the further fact of the custom of the Post Office Department, in which they have had the cordial cooperation of all publishers for years, that the publishers themselves sack, sort, route, and deliver to the cars, or wherever directed by the postal authorities, the periodicals; so that the first expense or act that the post office performs is the sealing of the car or the checking of the receipt of the sack of periodicals.

Second class mail is carried at a profit to the department, and this can be proven by the business tests of any great public utility or public service corporation. Every public service corporation has to be prepared to supply what is known as the "peak load." This maximum service requires a huge organization in an instant state of efficiency. Between the periods of the "peak" any business will be profitable even at a much lower charge that can be served by what would otherwise be idleness and total loss. This will easily illustrate itself if you will imagine all second-class mail as nonexisting. How many postal employees could be dismissed from the Postal Service if there were no periodicals to handle. Very few—too few to make it worth while under any theory. It is the needs, of first class mail that has to be provided for. A microscopic saving, when considered as a part of the whole vast system of postal employees in the department is not a factor.*

*"Altho mail is collected from street boxes and is deposited in the post office "drops" continuously throughout the day, it is not until the late afternoon hours that the vast quantities are received. The work of the average business concern is organized so that the dispatching of the mail is the last thing to be done each day. As a consequence millions of pieces of mail are dumped into post offices between the hours of 4 and 8 P.M. every day. This mail must be postmarked, sorted, and despatched within the briefest possible time so that outgoing mail may be put on trains that will take it to destination in time for the first possible delivery and so that local mail may be prepared for the next morning's delivery."
(*History of The United States Post Office*, ROPER, 1917, pp. 115-16.)

It is known and recognized as a principle† of business economics that every corporation—public service and utility corporation—has to be prepared to supply service during what is known as the peak load due to the maximum demand. That is recognized by all service companies, and they have to be prepared for that condition. But there are periods of slack between these times of peak load service. What is charged for in that period of slack is not charged for on the same basis as that which is carried for the peak load period.‡ The Post Office Department, when they increase the letter carriers in a city, do so as a result generally of applications from business bodies in the city or community, suggesting that they need more frequent deliveries. They do not say "We need the magazines more frequently, we need one at 9 o'clock, and another at 10 o'clock, and another at 11 o'clock, or half-past 11." They say "We have to have our mail," and that means the business mail; that is what they mean. It is very rarely, and only on occasions like Christmas time, that the letter carriers carry their maximum capacity. What does the carrier take out on the first trip? What he takes is the first-class mail; and what does he leave behind? He leaves

†"When any large plant is used for diverse products, the case is so far one of production at joint cost. So it is with the railway. The same road-bed is used for passengers and freight. If the outlay for plant were the only expense incurred in rendering the service, the case would be completely one of joint cost. There are, of course, the operating expenses in addition. But the expense of the plant (represented chiefly by interest on the investment) forms an unusually large part of the total cost of transportation. * * * All such expenses serve, for example, equally for passengers and freight, and cannot be said to be incurred specifically for either, or to be separable as expense for one or the other. * * * For each train by itself there is one cost, joint for all that it carries.

The same situation is even more obviously present in passenger service. Passenger trains must run on their schedule time. Their expense is substantially the same whether the cars be full or empty, whether they have the maximum number of cars an engine can haul, or only half or a third of that number. * * * A mail car, excursion car, sleeping car, private car, attached to a regular passenger train involves no additional expense; the whole train is operated at one joint cost. On European railways, first-class, second-class, and third-class carriages commonly form part of the train, and are operated at one joint expense for the train as a whole. The apportionment of charges among the different classes of passengers proceeds (in a rough way) on that basis of utility or demand, which, as has been shown, commates where cost is joint." (*Principles of Economics*, TAUSSIG, Page 371.)

‡"Some items of traffic will "stand" a heavier charge than others; that is, they will continue to be offered even though the transportation charge be high. Other items will "stand" only a low charge; that is, they will not come unless the charge be low * * * Railways in all countries whether under public or under private management, habitually charge less per ton mile on cheap bulky articles than on articles having high value per unit weight. Thus coal, ores, lumber, are "low-class" articles, on which rates are relatively low; textiles and groceries are "high-class" articles, and on them rates are high. The coal, ores, lumber, will not be offered for transportation unless rates be low; the traffic will bear no more. The textiles and groceries will be offered even though the charge be relatively high; the traffic will bear it * * * Where both kinds of commodities are carried on one and the same train, there are virtually no separable expenses for either. Barring such items as loading and unloading, all the expense is joint, and the principle of joint cost has full play." (*Principles of Economics*, TAUSSIG, Page 371.)

the magazines. And when he comes back and starts out on the second trip, if he still finds enough first-class mail to deliver on that trip he leaves the magazines. He does not deliver the magazines until he has not enough first-class mail to make up the capacity of his trip.

But this whole question of figures—referred to simply in order to point out some of the characteristic absurdities in the allegations of those who have supported the postal "zone" system on the frequently quoted and absurd theory* that it costs the Post Office 9 cents a pound to handle periodicals—is not vital nor the controlling consideration. The reestablishment of the postal "zone" system turns back the clock of postal progress 55 years and throws overboard all the recommendations of the greatest American statesmen, from George Washington to President Wilson.

This postal "zone" law is a slightly disguised, discriminatory tax upon advertising. It discriminates against national periodicals and their advertising pages through excessive postal charges and in favor of publications of *local* circulation, upon which is laid not one cent of postage charge or advertising tax.

This postal "zone" law is unsound, unfair, discriminatory, and should be repealed. It is socially destructive and economically destructive of progress and better citizenship throughout the Nation. President Wilson, when a socially destructive postage increase law was being urged, stated:

> It must be that those who are proposing this change of rates (magazine postage rate increase) do not comprehend the effect it would have. A tax upon the business of the more widely circulated magazines and periodicals would be a tax upon their means of living and performing their functions.
>
> They obtain their circulation by their direct appeal to the popular thought. Their circulation attracts advertisers. Their advertisements enable them to pay their writers and to enlarge their enterprise and influence.
>
> This proposed new postal rate would be a direct tax, and a very serious one, upon the formation and expression of opinion—its more deliberate formation and expression—just at a time when opinion is concerning itself actively and effectively with the deepest problems of our politics and our social life.
>
> To make such a change now, whatever its intentions in the minds of those who propose it, would be to attack and embarrass the free processes of opinion.
>
> Surely, sober second thought will prevent any such mischievous blunder.

No safe, sane, and sound postal legislation can be attempted until the function and relation of the Postal Service to the people is determined. If the Post Office Department is to be commercialized and is no wise different from a commercial institution, and that the postal policy established in the last one hundred years is to be abrogated, it should be done only after definite investigation and enunciation of new principles by a competent commission.

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*The Hughes Postal Commission after careful investigation reported that the evidence submitted by the Post Office authorities did "not justify a finding of the total cost of transporting and handling the different classes of second class mail matter, (*Message of the President transmitting the Annual Report of the Postmaster General for 1911—and Report of the Commission on Second-class matter, page 137.*") In fact in one statistical table submitted by the Post Office the "*total expense*" of one division of second class mail was given as *less* than the *overhead* allotted to it and all other second-class mail! (See Appendix C.)

AMERICAN BUSINESS AND ZONE POSTAL RATES

By

JESSE H. NEAL, Executive Secretary.

The Associated Business Papers Inc., and Director U. S. Division of Advertising.

AN ARGUMENT FOR REPEAL OF POSTAL ZONE LAW BEFORE THE WAYS AND MEANS COMMITTEE OF THE HOUSE OF REPRESENTATIVES, JULY 12, 1918, REVISED DECEMBER, 1918.

I represent a branch of the publishing business which for some reason is seldom referred to in postal discussions. The custom has been to refer to newspapers and magazines, and the term magazines is understood by most people to signify the larger and better-known publications, such as you see upon the news stands, but there are in the United States hundreds upon hundreds of valuable and necessary periodicals which can not be classed either as newspapers or magazines.

For instance, we have nearly 200 papers devoted to the subject of education. I will mention just a few of the numerous classifications in which you will find many worthy publications of moderate size performing very useful service. Among these I note papers going to officials and employees in fire and police departments, publications dealing with forestry and irrigation, hygiene and sanitation, labor publications, law periodicals, papers for boys and girls, publications covering philanthropic and humanitarian subjects, scientific subjects, Sunday schools, and many other religious and denominational publications. You will also find 10 periodicals in raised type for the blind. You will find, too, 12 progressive publications going to the Indians and which are doing much to make good citizens and good Indians out of our North American aborigines.

BUSINESS PRESS IMPORTANT TO INDUSTRY

This is wholly aside from the particular publications which I personally represent. These business papers, or possibly you are accustomed to call them trade papers, play an essential part in the daily life of merchants, manufacturers, engineers, miners, captains of industry, shipyards, steel mills, chemical plants, the coal industry, aviation factories, textile mills, etc. Yet they form less than 4 per cent of the total volume of second-class mail. No matter how widely separated are the units of any business or industry, the paper serving that field unites them all together into one closely connected group.

Every one of the munitions used upon the battle field or behind the lines—the artillery, the machine guns, the rifles, the ambulances, the

clothing, the ammunition, the railroads, the airplanes, the gas masks, the motor transports, etc.—are all products of men who read trade and technical papers. You will not find an engineer engaged in the creation of any of the huge commercial or military projects who does not read and depend upon one or more engineering papers for news, for inspiration, and for continuous education in his line of work.

All trade and industry to-day, gentlemen, is in a state of flux and of change, and did we lack the established channels of information furnished by our trade and technical press, it is not too much to say that a state of utter chaos would prevail in many of our most important industries.

Important as these papers are in ordinary conditions, they have become in war conditions only less essential than coal and transportation. Speeding up production beyond limits ever dreamed of is one of the most important features of our war program. This is only one of the high functions of the business press.

NECESSITIES OF PRESS, PUBLIC NECESSITIES

The Senate Committee on Printing wrote with a pen inspired by truth and the spirit of Americanism when they said, a few months ago:

> To jeopardize the existence of the press is to imperil the life of the Government itself, so dependent is a democracy upon the prompt and widespread information of its people. Therefore whatever affects the publication of its newspapers and periodicals likewise affects the welfare of the Government, and the necessities of such publications become in fact public necessities.

Let me digress for a minute from this discussion of the war function of business papers and call your attention to the place they occupy in the home towns and cities of every gentleman in this room. You will find that every business house in your community takes a so-called trade paper, and this applies to the automobile man, the banker, the blacksmith, the man in the brickyard, the butcher, the cotton buyer, the cement mill, the clothing store, the creamery, the dentist, the drug store, the dry goods store, the electric shop, the implement man, the flour mill, grocery and hardware stores, the hotel, the laundry, the lumber yard, the jewelry store, the plumbing shop, your printer, the shoe store, the telephone man, and your undertaker, not forgetting the hospital, the doctor, and your municipal officials. You will pardon this cataloguing of names. I do not want to be tedious, but I do feel under the necessity of impressing upon you the variety and importance of the interests that are indissolubly linked up with these so-called trade papers.

One of the greatest problems of present day existence is the problem of distribution, the getting of merchandise from its source to the consumer cheaply and efficiently. That problem, gentlemen, is being solved largely through the work of the business press. Civilization itself has advanced almost in exact proportion as we have overcome the immobility of thought and things. The business press has been compared to a pipe line connecting all of the units in each field, so that each receives in proportion to its need all necessary trade information, instruction, and advice.

The advertising in trade and technical papers is just as essential as the reading matter to the various fields of industry reached by

ADVERTISING ESSENTIAL TO INDUSTRY

these papers; in fact, the readers demand the kind of service that is rendered through the advertising pages, and it would be impossible to build a subscription clientele of any size or permanency without a representative volume of clean, well-written advertising. Many business papers lay particular emphasis upon the character of their advertising in presenting the advantages of their papers to prospective subscribers.

A story about new materials, new processes or new appliances can be used only once in the editorial columns as news. Any repetition of the story becomes advertising, and must be given through the advertising pages.

It is not human nature to at once be impressed with a new idea, and many of the most important improvements in all branches of industry have resulted solely from the steady hammering of attractive and scientific advertising in business papers. These advertisements benefit not only the advertiser, but have an undoubted economic value for the entire industrial organization of the nation.

Right here I want to correct, if I can, an all too prevalent misconception of the nature and function of advertising. I refer to the erroneous belief that advertising is merely a clever sales instrument which is used by advertisers to obtain some special advantage for themselves alone. On the contrary, gentlemen, I but voice the belief of our deepest thinkers and wisest economists when I say that advertising is an economic force in American life, that should be recognized as such by Congress, and given every opportunity to develop to its fullest capacity for good.

ADVERTISING NOT AN EXPENSE

Advertising is not an added expense to either the seller or the buyer. It is not a luxury indulged in by wealthy manufacturers, vain of their success and desirous of puffing out their chests in the public prints. It is not a device through which unscrupulous men may put something over upon unwary victims. It is none of these things, gentlemen, which some, in perfect sincerity, but in the imperfect light of their limited knowledge, may have claimed.

What, then, is this strange and wonderful force which is peculiarly an American institution, and which has done so much for the American business? I will tell you what it is. It is analogous to the typewriter, which emancipated us from the drudgery of handwriting. It is comparable to the telephone, the adding machine, the automatic reaper and binder, the sewing machine, and the cotton gin. It is the twentieth century limited taking the place of the oxcart. It is, gentlemen, the very quintessence of American inventive genius and superior commercial enterprise.

All the world comes to sit humbly at the feet of America to learn of our achievements in the art and science of advertising. Do you know what the national emblem is of the associated advertising men of the country? It consists of just one word, but it is a word which preaches sermons concerning the ideals, and aspirations of the splendid body of men composing the advertising profession. That word is "Truth."

I am proud and glad of the opportunity of asking Congress to hesitate long before it endangers this great and beneficent motive force in American business, especially at a time when we need its inspiration, its influence and dynamic impulses.

More than any other one force, modern advertising is responsible for the prosperity of United States industry. The great majority of our improved manufacturing, selling, and distribution methods have been the outgrowth of advertising; advertising which has scrapped obsolete machinery; advertising which has standardized production operations; advertising which has made better merchants and distributors; advertising which has provided consumer markets at a minimum of cost. All of this has enabled quantity production by economical processes and has enabled us to pay higher wages than any other country and despite this, to compete in the markets of the world with the low paid and oppressed workmen of less progressive countries.

CANNOT SEPARATE ADVERTISING AND EDITORIAL

At the same time, the advertising revenue has built up able trade paper organizations, which have become not only the channels but the very springs of higher industrial and trade education. As an instance of what this means, I will cite the case of a typical trade paper selling for $6 per year, which has a net subscription income of $30,000 and which spends $85,000 annually for editorial service. In papers such as these you can not separate advertising from the editorial matter, because each performs an indispensible service to trade and industry, and each is so dependent upon the other that, like the Siamese Twins, they would die if you separated them.

There is a scarcity of salesmen at the present time. Moreover, the cost of traveling has increased tremendously, but advertising has come to the rescue and is filling the deficiency. The existence of this labor-saving force makes it possible for manufacturers to continue their contact with the trade, even though the field force may be "over there" distributing samples of American shrapnel to the Huns. A prominent Ohio manufacturer of steel products told me that 30 of his salesmen had enlisted or had been drafted into the Army, but that he could not attempt to fill their places; he would simply put a little more pressure upon his advertising, hoping in that way to hold these jobs open for his men until they had returned from the battle fields of France, as he hoped they might.

Do you realize that a page of advertising in a business paper will call upon 5,000 stores or factories in one week, at a total cost of $50? To undertake the same work with salesmen would require 100 men and an expense of about $10,000.

A few months ago our Government commandeered the entire output of Bull Durham tobacco for the use of our Army of Liberty. The famous Durham bull stepped forth with shameless boldness from the protecting shelter of that little rail fence and went "over there" for the period of the war. In the meantime advertising stood guard at home over the precious Bull Durham good will.

In many other like cases, advertising was the only insurance that could be taken out by concerns whose factories were engaged in war work, to

maintain reputations and contact with markets over against the time when American industry would again resume the arts and practices of peace.

During the period of the war, it was almost providential that we possessed highly developed advertising skill and the great public channels of intercommunication afforded by our newspapers and periodicals. Without these forces it would have been impossible to have made the revolutionary adjustments in many lines of business and have held the country together acting, thinking, and working with irresistible unity.

It is to me unthinkable that Congress could knowingly endanger now through adverse legislation the fullest functioning of the American press.

Should you happen to pick up a trade paper serving any of the war industries, such as shipbuilding, coal mining, machinery production, steel making, mining, hospital work, transportation, or in fact any of the allied war industries, I hope you will bear in mind that the volume and character of the advertising is the measure of the service they are performing.

I have heard advertising pages spoken of as high priced, as a species of bonanza which vomits forth nefarious profits in such volume as to necessitate the restraining hand of burdensome taxation. To the average trade paper publisher, this is satire, pure and simple. In the records of the revenue office is the best evidence as to the absurdity of the claim that the publishing business is excessively or even fairly profitable.

ADVERTISING CREATES INDUSTRIAL UNITY

It is greatly to the credit of our Government that it has promoted and encouraged, through a low flat rate of postage, the dissemination of all this life-giving and necessary information throughout the land without prejudice to any locality and on an equal basis to all men regardless of their place of residence. Our beneficent postal system of flat rates has overcome the handicap of our magnificent distances, has obliterated sectional lines, and has shortened the distance between human minds, just as certainly as the railroad has shortened the distance between places.

We are here to-day in protest against any measure, whether it is presented under the guise of taxation or an adjustment of postal rates, which will endanger in the slightest degree this vital and complex system of commercial, industrial, and professional intercourse which has been built up over a long period of years upon postal principles that have justified themselves a thousand times over in the results and benefits to the Nation.

We do not protest against the payment of taxes. We ask merely that you do not institute postal laws which will prevent the payment of taxes by preventing the earning of profits. We are paying now all taxes that any business is paying, and in fact, more taxes proportionately than businesses of similar size.

Few concerns in any line of business use as much first-class postage as do publishers. In our particular field, the bill for first-class postage more frequently than not, equals or exceeds the bill for second-class

postage. We are paying the extra cent on letters without protest, because it is frankly a tax and will be discontinued at the close of the war.

We are paying our income taxes, our surplus taxes, our corporation taxes, all of them cheerfully and gladly. Moreover, we are cooperating with the Government in helping them to administer and collect the complicated taxes imposed on the present revenue bill.

Commissioner Roper has on several occasions expressed the obligation that he is under to the press for aiding them to make collections of the taxes under the present revenue bill.

We ask no exception on that score, but we submit, and I hope to demonstrate that our relations to industry; yes, and our relation to Government itself is such that we should not be called upon to pay an extra tax, a supertax, or, what some of our publishers have regarded as punitive damages for wrongs, real or fancied, which may have been suffered by public men at the hands of the more popular mediums of thought.

SUBSIDY CHARGE RIDICULOUS

The charge has been made that we, the publishers, have been enjoying a subsidy at the hands of the Government, and that we must now be made to disgorge and to pay a prohibitive postal rate in the future. To that charge we take emphatic exception. A low transportation charge on intelligence is no more of a subsidy to the publisher than a low freight rate on wheat is a subsidy to the farmer. It is no more of a subsidy to the publisher than the money spent on public highways is a subsidy to vehicle owners.

If you, in your wisdom, should decide to place an extra tax upon the coal producers, would you set about it by raising the freight rate on coal? Obviously the only effect would be to contract the area over which the coal could be shipped and to increase the price to the consumers within that district.

The converse of this proposition is necessarily true—that a low freight rate is obviously of primary benefit to consumers.

You annually appropriate millions of dollars to maintain navigable streams. Do you do this for the benefit of the navigation companies which operate boats for a profit, or is it in the interest of the national welfare to maintain every possible channel of intercommunication.

It is not a question of a Government bounty to publishers, if indeed there is a loss on second-class service, but it is a question as to whether you shall continue our long established policy of making it easy and inexpensive to disseminate knowledge, literature, news, merchandising information, and current scientific, technical, and professional literature. It is a matter largely between Congress and the American people, and if I mistake not, it is the voice of the people which will determine this question in the end.

OPINIONS OF PROMINENT MEN

I want to say, in passing, that there are few issues before the American people to-day of greater moment to our whole social and industrial fabric than this question of zone postal rates.

In this opinion I do not stand alone. Let me fortify this statement with a few excerpts from recent interviews with well-known men on this question of zone rates:

George W. Wickersham, former Attorney General of the United States: There should be no law against limiting intelligence. I mean that there should be no embargo on sane intelligence. It is against the public interests. The people are entitled to all the truthful information they can get. In this way they are educated.

Prof. Charles Austin Beard, formerly professor of political economy of Columbia University and now associated with the Bureau of Municipal Research: The whole spirit of the new postal zoning law is contrary to the principles on which our Government was founded. Jefferson, more than a hundred years ago, promulgated the theory that newspapers and periodicals were essential to the success of our democracy.

It is wrong in spirit and wrong in theory to hamper the national development of the country. It will result in sectional feeling, and will aid in destroying our national unity. It is particularly obnoxious at this time when the people of the country, east, north, south and west, should be blended together with a common purpose.

Newcomb Carlton, president of the Western Union Telegraph: It seems to me, from the standpoint of constructive criticism, that the mail zone measure should be repealed and a more equitable method of raising revenue be substituted.

I regard this contemplated zone change as a serious detriment to the distribution of what must be useful and constructive material. It does seem to me that some more equitable plan for raising money could be devised than this taxing of periodicals.

A. Barton Hepburn, chairman of the board of directors of the Chase National Bank: If this measure (the postal zone law) applies to all magazines, as I understand it does, I should think that it is very unwise.

Hon. Tom C. Rye, governor of Tennessee: Tennessee papers have shown wonderful patriotism and have been of great help to us in our work. I hope the matter can be arranged so that the papers can pay their proportionate part of the additional revenue needed without forcing any out of business or crippling them in their work.

Prof. Walter B. Pitkin, of the Columbia University Faculty: The new postal zone law is based on "peanut-shell politics." It should never have been enacted; it most certainly should never go into effect.

There is practically nothing to be said in favor of the new system. It will aid a few of the sectional periodicals and it will bring a little additional money into the Post Office Department, but to offset this it will destroy many magazines of national importance; it will curtail the nation-wide circulation of our leading newspapers; it will result in increase of cost both to the reader and to the publisher, and to dissatisfaction on the part of the advertisers. It is on the whole obnoxious and unsatisfactory and should be repealed.

The new law destroys national unity and creates sectional spirit. It limits national intelligence. The people in the West are entitled to know what the East is doing, and vice versa. Without this knowledge, which only can be disseminated by magazines and newspapers our spirit of nationalism will be destroyed.

Hon. James Withycombe, governor of Oregon: To my mind it would be unwise at this time to discourage unduly the circulation of good literature. First of all, this Nation is passing through an epoch-making period, and the many issues which are now before the people are of such importance that a full understanding of all questions and events is highly desirable.

Hon. Frederick D. Gardiner, governor of Missouri: Any restriction upon the dissemination of information is indefensible even in ordinary times. At this time it would be a most serious mistake.

It is extremely important that the people be kept advised as to the war program and the progress of events. The best possible vehicles for the spreading of such information are the newspapers and magazines.

Public speakers can not reach all the people. In many inland districts speakers and the people can not be brought together. Therefore, I am firmly convinced that the zone law effective July 1 should be repealed.

A tax on intelligence should be the last to be imposed. The Government should not take any action that will increase cost of periodicals. The small profits to publishers will not stand the increase. Hence it will fall on the people, with the result that many most needing information will be unable to procure it.

Hon. Arthur Capper, governor of Kansas: If Congress can be made to see that the industry can not pay this tax and that its imposition will result only in a demoralization of business, it seems to me that even the most rabid opponents of a free press will hesitate to place this unbearable injustice upon the people. It is especially important at this time, when the Government must have the loyal support and hearty sympathy of every citizen, that the American press receive encouragement rather than discouragement.

The winning of the war depends upon the people at home, and though the Government printing plants work overtime, we still must depend upon the press to inform, educate, and unify the people. The imposition of the zone system at this time would be a strategical blunder that would amount to a national calamity.

Hon. Richard I. Manning, governor of South Carolina: I think that any law which bars the publication of magazines and newspapers, and especially hampers their distribution to those who are less able to pay for it, is a step backward in the progress of education and enlightenment.

I also think that such a regulation should not be put into effect during the progress of the war unless its necessity to the Government prosecution of the war is absolutely required.

Hon. Walter E. Edge, governor of New Jersey: It is unquestionably unfortunate if necessity requires any Federal action which would increase the cost to the public, in order to be kept informed properly of the unusual happenings of the day and their review from all angles through the medium of the public press.

In my judgment the press of the country has furnished the greatest selling agency for Liberty bonds and for organizing and popularizing every activity to which the public's support was imperative. It would seem to me, speaking generally, that every effort should be made by the Government to increase the opportunity for a still greater distribution.

John Mitchell, chairman of the State Industrial and Federal Food Commissions: I am opposed to any and all legislation which will circumscribe the circulation of American magazines and newspapers. Without these mediums the enlightenment and education of the people throughout the country would be impossible. This zone law certainly should be held in abeyance at least during the war, for it is impossible to calculate the good which the periodicals are doing the country and the harm which would result if their circulation were cut off.

Hon. Robert L. Williams, governor of Oklahoma: I believe the law should be held in abeyance, at least until after the war.

The newspapers and other periodicals of current comment are vital war agencies in disseminating news concerning the war. Liberty loans, the Red Cross and others organizations, and much of the credit for the success of the draft, the three Liberty loans, the two Red Cross campaigns, the Young Men's Christian Association campaign, and the Knights of Columbus drive is due to a favorable public sentiment which these publications have had no small part in forming.

Hon. James W. Gerard, ex-ambassador to Germany: Now we have got to meet this German propaganda. The war is not going to last forever—and you have seen what German propaganda has done in Russia. These are grave dangers, and they only go to show what can happen in a country like Russia.

Fortunately, they can not propaganda this country as they can Russia, because we have great publications that go all over the country and have unified the whole country and the whole continent. That is why I am against the postal zone law passed in the last Congress putting an extra tax on papers sent from the cities where published.

Hon. Charles S. Whitman, governor of New York: Never was the call more imperative, the necessity more obvious than now for the business like conduct of business. We speak of the Government's business, we speak of the Nation's business. Why, gentlemen, all business that is honestly transacted in this country to-day is essentially the Nation's business. General information upon business matters must be widely disseminated, so that the most progressive and practical ideas developed by American ingenuity may be placed at the disposal of our people in every section of the country, and that, too, without delay or unnecessary cost.

No publications of a similar nature in any other part of the civilized world, and this is known all over the world, have approximated in character and in quality the trade journals of the United States.

In the present crisis, every individual and every State as well must forget local ambition, local interests perhaps, and even requirements of special localities in response to the great national call, the call of our country which must be heard and heeded everywhere. It is for this reason that I have in the past protested and will continue to protest against the imposition of zone postal rates, which must inevitably with such rates tend to confine their distribution to the neighborhoods comparatively near their publishing houses, and must of necessity restrict their efficiency as nation-wide distributors of business news. It isn't good national policy, whether it is good for your business or not.

I have been and shall be unqualifiedly opposed to the zoning system of postage rates which will tend to paralyze the wide extension of the nervous system of business provided by trade newspapers.

Charles E. Hughes: I hope that Congress will repeal the provision for the zone system which is decidedly a looking-backward and walking-backward measure.

ZONE SYSTEM WRONG POSTAL PRINCIPLE

You are abandoning a postal system which has made this country the most enlightened and best informed on earth. You are going back to old discarded and discredited postal principles when you erect zone fences every few hundred miles to obstruct and impede the interchange of life-giving information, call it advertising or what you will, between the people of the United States.

You recognize and no one would dream of attacking the principle of a flat rate on letters or on third-class matter. The civilized nations of the world have recognized the necessity for uniform flat rates for international intercourse, if the barriers of distances are to be destroyed and the nations of the world brought together.

When this destructive zone system of rates is in full force and operation, a publisher can send his paper around the world for about the same as the rate to the eighth zone. It will make no difference either whether the ocean steamship carries the paper 1,000 miles or 5,000 miles, for the rate is a flat rate to any point in any nation in the universal postal union. Furthermore, publishers in Canada will be able to ship their papers to any point in the United States for less than it will cost to send papers from San Francisco to Chicago. Moreover, under the present second-class rate any private individual can mail a paper to any point in the country for a flat rate of 4 cents a pound, which will be less than the average zone rate beyond the fourth zone. I respectfully submit that there is something wrong with a bill which permits such inequalities.

Every deep student of postal matters has advocated flat rates. Let me quote here a man for whose opinions I have profound respect—Daniel C. Roper, formerly First Assistant Postmaster General and now Commissioner of Internal Revenue. These extracts are from Roper's History of the United States Post Office:

The postal reforms successfully carried out in England between 1837 and 1840 established the important principle that postal efficiency depends on uniformity of rates and standardized conditions.

It is because of the economic utility of the post office that extensions of postal service where needed are justified although the return in postage receipts may not defray the cost of the extension.

The importance of postal service should be measured by the benefits which it confers and by the wealth it creates rather than by the postal charge or the postal revenue.

Taxation obviously is not the motive underlying the operation of the postal service by the Federal Government; it is not permitted to be even an incidental phase of the post-office administration. The people and their representatives are most jealous of any restraint of the operation of the post office. They require it to be untrammeled, and have even been willing that it should be subsidized out of the Treasury to the extent necessary to make its facilities more generally useful. The reason for this attitude lies in the economic utility of the post office.

NO ANALOGY BETWEEN PORK AND INFORMATION

It is not fair to muddy the issue by attempting to compare the distribution of information and education with material commodities. Pork and information are as unlike as brick and brains. Free intercourse between the people is the necessary antecedent of all business transactions. It is good economics and good statesmanship to promote such intercourse, because it is only through that means that a sale can take place, that merchandise can be produced or shipped. This is a big country, gentlemen, and national unity of thought, purpose and action is an absolute necessity.

We are not united simply by the Constitution, or even by a common language. Even the physical union which is accomplished by the railroads would be of no avail without the unity which is the product of common ideals, uniformity of education, and singleness of purpose. People do not think together, do business together, act together, and fight together unless bound together by a common bond of sympathy, which can only result from a free interchange of ideas on an equitable basis to all sections. Keep the country together, gentlemen. Don't impose at this time any conditions that tend toward disintegration? Look at Russia. Did she lack men? Think of her hordes, millions on millions. Did she lack material? Think of the vast resources of the Russian Empire. Yet to-day she lies prostrate a mass of wreckage, because of the lack of unity on the part of the Russian people.

The lack of unity was due to the lack of unifying influences. They lacked national periodicals, they lacked newspapers, they lacked the reading habit, they lacked common ideals and they lacked common purposes which would have been inculcated thereby. There was nothing to hold them together except an autocratic government, and when that failed the country disintegrated.

EDUCATIONAL NEED OF PERIODICALS

I wonder if you realize that only 7 out of every 100 boys and girls go through our high schools and that only a small percentage of these are able to enter a university? The schooling possibly of some here was confined to a high school, but our education has been carried on ever since, chiefly through the reading of educational or cultural periodicals.

Professional men find the publications of their professions practically a post-graduate course. No doctor, electrician, chemist, engineer, dentist, or other professional man could possibly keep pace with current scientific progress without his own professional paper.

If it is worth while for us to make any sacrifice to maintain our institutions of learning, none of which are self-supporting and which

have the teaching of our children for not more than eight years in a great majority of instances, how much more important is it to cultivate by every reasonable means sources of education and enlightenment upon which our children must depend after they leave the common school, over a period of many time eight years.

We favor the widest possible extension of postal service and its reduction in cost wherever possible, rather than increased cost or contracted service. We instituted the rural free delivery, not to produce revenue, because it was merely an extension of service, involving many millions of additional cost, but to still further unite or bring together the people of every district, however remote from cities or towns. That, gentlemen, is another striking example of the benefit of flat rates. We didn't say to the man who lives 20 miles from the post office that he would have to pay more for the delivery of his mail than the man living 1 block from the post office, but we said, in effect, "this is one country, one people, under one Government, and we propose that every man in this country shall have access to information of all kinds on exactly the same basis as every other man."

You instituted the rural free delivery, not to benefit the publishers, not even as was falsely claimed to benefit the mail order houses, but you passed that law as a measure of justice and equality to our rural citizens. It would be a rash statesman indeed who would now advocate the withdrawal of this service.

The one cent flat rate on newspapers and periodicals was likewise a measure of justice and equality to citizens, both rural and urban, in all sections of this widely flung land of ours.

NATIONAL PAPERS NOT AFFECTED BY LOCATION

There has been some comment upon the fact that a large number of periodicals are published in New York State, and that, therefore, the charge of sectionalism would apply against periodicals being published in that section of the country.

In the first place, it is a mistake to say that the majority of periodicals are published in New York. New York State, you must bear in mind, contains 12 per cent of the population of the country, but it produces only 25 per cent of all newspapers and periodicals and of all general printing. The other 75 per cent is scattered all over the country. Next after New York comes Illinois, then Pennsylvania, Massachusetts, Ohio, Missouri, and California, in the order named.

A national periodical circulates all over the country, but quite obviously must be published in some one place. The various centers of publication throughout the country have grown up under a flat postal rate, which gave no advantage to one section over another. A paper published in Wichita, Kans., up to this time has had the same postal rate to all sections of the country as a paper published in San Francisco, Cincinnati, St. Paul, or New York.

As a result, the publication business has gravitated naturally to the cities best adapted to the particular requirements in each case. Such publications as may be issued in New York or Chicago, which are the two main centers, are published there because those cities afford superior advantages from every standpoint.

This condition is no more forced or artificial than the location of the flour mills at Minneapolis, the steel mills at Pittsburgh, the automobile factories at Detroit, the meat-packing business in Chicago, or the rubber industry in Akron.

The new zone system of postal charges will, however, introduce an influence which will make it exceedingly difficult for national publications to continue their location at the most suitable points.

The editorial policy of national papers is not in the least affected by the location of the publishing office. A paper can not get and hold a national circulation unless it reflects national thought and serves national interests. Its circulation depends entirely upon the nature of its appeal and not upon its location. It is just as true that a sectional publication must confine its activities to the interests of the section in which it circulates.

This is no criticism of sectional papers. These are no less necessary than national periodicals. But to say that sectional papers can serve the interests of the country as a whole is as much opposed to reason as to say that we could do away with the great trunk lines of railroad and get along better with nothing but city trolley lines and innumerable little pocket-edition railroads.

So I say, gentlemen, that it is beside the question to assail periodicals because many of them happen to be published in New York State.

The prominence of New York in many of our industries is something which should inspire pride on the part of the country as a whole. I am no less a good citizen of New York, because I am proud of the achievements and progress of Ohio, of Massachusetts, of California, of Pennsylvania, of Illinois, or of any of the other great States of this United States, and I might add that, if we are to prevent the growth of narrow and stifling prejudices and jealousies, our first duty should be to encourage by every means within our power the developments of great interlocking and interlacing highways of national thought.

A FEW FIGURES

Six years ago, I think it was, the Postmaster General figured that free, franked, and penalty mail was costing $20,000,000 a year to handle. What it is now is largely a matter of conjecture. Early in 1917 I read some unofficial estimates which gave the current cost as $25,000,000. I believe it is even higher now, on account of the vast amount of matter being sent out because of war requirements by the different departments.

This is an item which can not be ignored in any cost investigation of postal finances.

Now, if this $25,000,000 had been properly charged to the various Government departments, the post office would have shown a profit in 1917 of $37,000,000 instead of $12,000,000.

Let's carry this a little further—

The rural free delivery, a splendid and necessary Government service, now costs approximately $50,000,000. It is not used at all by trade and technical papers; neither is it really necessary for weekly and monthly periodicals. Every family gets to the post office at least once a week. If we had not put in the rural free delivery the Post Office would not be spending the huge sum required for its maintenance, and the $50,000,000 thus saved would be added to the surplus of $37,000,000 just alluded to, making a total of $87,000,000 surplus over expenditures.

In 1918 the Postmaster General reported a profit of over $19,000,000 despite the enormous and unprecedented increase in government mail on account of the war. For the sake of uniformity let us keep the estimated cost of this free, franked and penalty mail at $25,000,000 which as I have said should not be charged against the P. O. Department as an expense but rather against the other departments using the postal facilities. Totaling the 1918 surplus, the cost of handling government mail, and the cost of rural free delivery over and above its receipts, we get an aggregate sum of $94,000,000. To this ought be added the cost of handling county newspapers which are carried and delivered free in the county of publication. This amounts to $4,000,000. Our grand total now amounts to $98,000,000.

Where is the alleged loss on Second Class Matter?

PATRIOTIC SERVICE OF BUSINESS PRESS

I have told in a way which I wish might have been stronger and more impressive something of the invaluable service that the trade and technical papers are rendering industry and the people. Now, let me call your attention to the vital relationship of these papers to the United States Government at this tragic and critical hour in our history. Congress has appropriated thousands of millions of dollars; it has not hesitated to delegate unlimited powers to the executive and administrative branches of the Government; no just appeal for legislative action has gone unheeded; it has realized that quick, smashing blows must be struck; that every hour's delay would mean the needless sacrifice of our splendid young soldiers.

I would not withhold from Congress one iota of the credit that is due them for the eager support they have given to our boys in khaki and to our entire war program. In the light of all that they have done, I can not believe that they will knowingly take away from the departments of Government one of the chief instrumentalities which they are employing in the prosecution of the war.

The trade and technical press, and the other papers, have become practically an arm of the Government, and I hope that Congress will let our Government continue to use the full power and strength of this arm.

The huge sums Congress has appropriated are flowing back into almost all necessary industries with the exception of the publishing business. We are getting none of it; we have no "war babies." On the contrary, we are struggling against high prices and shortages of material without any compensating advantages. Besides all this, we are the only industry in this country which is *giving its product to the Government without limit, condition or cost.*

Back in April, 1917, I went to Washington in company with a committee, and laid before the various departments of the Government this offer:

"In common with others, the business papers of the country—technical, trade, and class publications—place service above expediency and patriotism above profit.

"There are bonds to be sold. Industries are to be mobilized. The Government must speak to the men who plan and do things. The business of the country must be enlisted. Knowing that we can perform this service at this critical hour, and answering the President's call, we, the publishers of the following papers, hereby tender to the Government our advertising pages without expense, and our editorial columns."

At the time that this offer was made, the question of whether the Government should pay for advertising was very seriously discussed, and the organization that I represent took this action by telegram. Since that time we have had 100 or 200 names—I haven't the exact number, but it was between 400 and 500 publications that report to my office, whose columns absolutely belong to the Government. As an instance, the trade and technical papers with which I am in contact—and I represent only the trade and technical papers—donated for the four liberty loans alone 14,000 pages of advertising and specially written editorial matter.

APPEAL FROM WAR DEPARTMENT

On November 23, last fall, we had this letter from Hon. Newton D. Baker, Secretary of War. It was addressed to my office:

NOVEMBER 23, 1917.

SIRS: The great need for skilled mechanics in the Aviation Section of the Signal Corps is well known to your association.

Appreciating the fact that your members, publishers of technical and trade papers throughout the United States, are in close touch with the employers of such skilled labor as we need, and fully appreciating the influence and efficiency of the business papers in their respective industrial fields, you are asked by the War Department of the United States to assist, through publicity and organized personal effort, in securing for the Aviation Section the large number of mechanics and skilled workmen necessary back of the lines to keep the air service in effective action.

The Government knows and appreciates your excellent work and previous patriotic efforts, and notwithstanding your previous work in the present crisis, feels that you will welcome this further urgent call for efficient patriotic service.

Very truly, yours,

NEWTON D. BAKER,
Secretary of War.

ASSOCIATED BUSINESS PAPERS (INC.),
220 West Forty-second Street, New York City, N. Y.

That was written on November 23. You may realize the rapidity with which we moved in that matter when I submit a letter signed by Maj. W. L. Moose, of the Signal Corps, who is in charge of that section of the work. I may state in passing that one of the officers told our committee that if they got 12,000 men before the 15th of December they would be breaking all records. This letter from Maj. Moose, states that, according to the Adjutant General's Office, there were approximately 42,800 men secured in the drive between December 1 and December 15 for the Signal Corps. The total number of enlistments for the Signal Corps for the month of November was 9,870. He states that "this office is very grateful for this most successful campaign which was conducted under you directly. For without the aviation section of the Signal Corps would be much in need of men at the present time."

(The letter is as follows:)

FEBRUARY 7, 1918.

SIRS: With reference to our conversation in regard to the number of enlistments that were procured between December 1, 1917, and December 15, 1917, in your campaign for men for the Aviation Section of the Signal Corps, I have been unable to get accurate data as to the number of enlistments. According to the record in the Recruiting Division of the Adjutant General's Office, there were approximately 42,800 men secured in the drive between December 1, 1917, and December 15, 1917, for the Signal Corps. The total number of enlistments for the Signal Corps for the month of November was 9,870.

From the above you can see that the enlistments after your drive was started were more than four times what they had been during the previous month. I am of the opinion that most of this increase was due to you and your committee's advertising campaign.

This office is very grateful for this most successful campaign which was conducted under your direction. For without it the Aviation Section of the Signal Corps would be very much in need of men at the present time. The stopment of enlistments in the draft age and the delay in starting the special draft of the Provost Marshal General's Office has made it practically impossible for the Aviation Section to secure men before February 15, 1918. For this reason you can see that your campaign was a godsend to the Aviation Section.

Again thanking you and your committee for your untiring efforts in this campaign, I am,

Very sincerely, yours,

W. L. MOOSE,
Major, Signal Corps.

ASSOCIATED BUSINESS PAPERS (INC.),
Committee on Recruiting for Aviation Section, Signal Corps,
220 West Forty-second Street, New York, N. Y.

I have a letter from Maj. Steever, of the Signal Corps, in which he refers to the same matter, and credits the committee with the responsibility for the success in the campaign.

(The letter is as follows:)

WAR DEPARTMENT,
OFFICE OF THE CHIEF SIGNAL OFFICER,
Washington, January 17, 1918.

SIRS: You will, no doubt, be gratified to know that the recent recruiting campaign for skilled workers was successful beyond our needs and expectations. The number of men obtained by far exceeded the requirements of the moment.

The earnest and active cooperation of the business papers in this recruiting drive was a great factor in its success. The publicity, reaching directly into the business houses of the trades required, exerted a powerful influence, as was shown by the number of direct inquiries coming into this office traceable to the business papers.

In addition to the combined efforts of the business papers for publicity, this office wishes to express its appreciation of the individual efforts of the members actively engaged, through whose activities it was possible in record time to print and distribute a large quantity of literature, posters, etc.

Very truly, yours,

E. E. STEENER,
Major, Signal Corps.

ASSOCIATED BUSINESS PAPERS (INC.),
Committee on Recruiting for Aviation Section, Signal Corps,
220 West Forty-Second Street, New York, N. Y.

As a director in the U. S. Division of Advertising it has been a refreshing, wonderful experience to see the almost unanimous and eager expression of patriotism on the part of these people, who would be insulted almost if you offered them pay for anything. I agree with

Dr. Frank Crane in his statement that the American people, generally speaking, are not going over the top for pay—at least, that has been our experience.

PAPERS GET SHIPYARD WORKERS

A short time ago the United States Shipping Board wanted 350,000 shipyard volunteers. The first thing that Mr. Hurley did was to take the train to New York, and we elaborated the entire campaign. Mr. Hurley and the others connected with it, including the Secretary of Labor, credit that campaign with getting not 350,000, but 400,000 shipyard workers.

This is the letter that Mr. Hurley wrote acknowledging our services:

Mr. JESSE H. NEAL, MAY 14, 1918.
Executive Secretary the Associated Business Papers,
220 West Forty-second Street, New York City.

MY DEAR MR. NEAL: I want to tell you and those connected with the division of advertising that the services rendered to the United States Shipping Board and the Emergency Fleet Corporation by the business papers in our recent campaign for shipyard volunteers deserves our highest commendation.

The editorials which these papers published and the advertisements bearing coupons and post cards to be filled in by those desiring to enroll in the shipyard volunteers materially helped us in securing our full quota of volunteers.

I recognize the great force of the technical and trade press of the country and particularly in these critical times, both with relation to business as well as to the war.

Please accept this as a testimonial of my appreciation of your very valuable services and the assistance given us by the Associated Business Papers.

Sincerely yours,
EDWARD N. HURLEY, *Chairman.*

Shortly after that The Division of Advertising entertained the President's Cabinet and the heads of the Government at a dinner at the Willard Hotel, and in the course of that dinner the Secretary of Labor stated:

Gentlemen, we of the Department of Labor have already had considerable experience with your work. In connection with the Shipping Board and the Fleet Corporation, we undertook the registration of 250,000 workingmen. We secured the cooperation of your advertising agencies, and as a result, in the time that we had specified, we registered more than 300,000 workers who are made available for shipbuilding operations. We have other work developing which I believe you can help us to bring to a successful conclusion.

Then Mr. Julius Holl, of the shipyard organization, said:

Last January, when the Shipping Board started to enroll 250,000 volunteers for work in the shipyards, we welcomed the assistance extended to us by the division of advertising. Your cooperation, your skill in preparing editorials and advertisements, enabled us to reach practically every trade and industry throughout the country from which we desired shipyard volunteers. In a little over two months we enrolled over 275,000 men.

Your campaign, which consisted of placing editorials and advertisements in 36 of the foremost magazines and 42 trade and technical journals, having a combined circulation of 8,000,000, helped to make our enrollment a great success. We enrolled thousands of men as a direct result of the coupons received in response to these excellent advertisements and editorials.

You know what that service was worth to the Government? I question whether you could put a money valuation upon it.

GOVERNMENT ACKNOWLEDGES SERVICE OF PERIODICALS

JUNE 24, 1918.

MY DEAR MR. NEAL: * * * Your aid to us, I am already well aware, has been of the most definite, wise, and unselfish nature, and we consider ourselves greatly in your debt for the generous manner in which you have contributed the columns of your papers, which may almost be said to be the official organs of the industries and trades which they represent. * * *

Very truly, yours,
C. B. CLARKSON,
Secretary of the Council of National Defense and of the Advisory Commission.

JESSE H. NEAL, Esq.,
Executive Secretary, the Associated Business Papers (Inc.),
220 West Forty-second Street, New York

HEADQUARTERS TWENTY-THIRD ENGINEERS,
Camp Meade, Md., January 4, 1918.

Mr. C. N. LURIE,
Editorial Assistant, Engineering News-Record,
Tenth Avenue at Thirty-sixth Street, New York, N. Y.

MY DEAR SIR: Referring to past correspondence, I take this occasion to thank you heartily for the effort which you made to assist the recruiting for this regiment. The result of your effort has been very gratifying indeed.

The regiment now contains about 4,500 men, of a finer type, I believe, than will be found in any other regiment of the Army. To obtain this large number of recruits by voluntary enlistment within about two months and a half is, I believe, a remarkable achievement, especially when the character of the personnel is considered.

* * * * *

Again thanking you for your efforts in behalf of the regiment, I am,
Very sincerely,
E. N. JOHNSTON,
Colonel of Engineers, National Army.

An extract from a letter from C. H. Sessenden, captain of ordnance:

Could you furnish us with about 500 reprints of the series of articles on the manufacture of the panoramic sight? We would like to have these copies as soon as possible, as we desire to furnish them to enlisted men who are being sent here to receive instructions in the repair of fire-control instruments.

Col. Carter, of the Ordnance Department:

May I thank you for the poster left here entitled, "Is this my boy?" The caption on this is so very good that we wish to use it on a poster, 100,000 copies of which will be distributed to plants engaged in the manufacture of ordnance material for Pershing's forces overseas.

Gen. Crozier, of the Ordnance Department:

Accept our thanks on your wonderful accomplishment in securing 100 skilled draftsmen and designers. Your efforts in this matter constitute a constantly valuable aid to the Government.

One of our editors came to Washington and found that they had working here, if I remember correctly, about a half a dozen skilled machine designers. They had scoured the country for men. The wages were less than were paid in other divisions of the industry, and they were not able to get them. This man went back and in three weeks' time, through personal efforts, brought to Washington over 100 of the best draftsmen and designers in the country, which he was able to do because of the connection with the trade of the paper which he was on.

A letter from Col. S. E. Blunt, Ordnance Department:

I would remark that your magazine has for many years been consulted by the ordnance arsenals and by a great majority of its employees, containing as it does not only reading matter but also many advertisements of kinds and methods of manufacture. It is of great value to the employees and also to officers directing the work at manufacturing establishments.

APRIL 9, 1918.

Mr. FLOYD W. PARSONS,
Editor Coal Age,
Tenth Avenue and Thirty-sixth Street, New York City.

DEAR MR. PARSONS: I have read with great interest your recent articles, and wish to express my appreciation of these contributions to a too little known subject. It is unimportant that the Fuel Administration should be justified, but it is highly important that the public should understand the problems with which the Government is confronted at the present time, and none is more fundamental and important than the one with which the Fuel Administration is called upon to deal. Pray accept this word of appreciation from the Fuel Administration as a whole. You are telling the story accurately and effectively.

I have expressed to you, on other occasions, my appreciation of the articles you have published concerning the work of the Fuel Administration. You have the great advantage of speaking to the industry directly and with more insight than most other writers. Possibly your entire freedom from connection here lends more force to what you write than as if you were formally associated with the Fuel Administration, but I venture to ask whether you would find it possible without formal association here to devote a definite amount of time each week to publicity work, giving special attention to magazine articles, both in the technical and nontechnical publications. Awaiting your reply, I remain,

Very truly, yours,

H. A. GARFIELD,
United States Fuel Administrator.

THANKS FROM PRESIDENT WILSON

DIRECTORS OF THE DIVISION OF ADVERTISING,
Committee on Public Information, Washington, D. C.

GENTLEMEN: Mr. Creel has kept me informed of the work done by you and your associates, and I beg to convey my very deep appreciation of what seems to me a remarkable record of achievement. The effective campaigns carried through by you in behalf of the departments of Government have amply demonstrated the value of coordination, and it is my hope that the advertising profession will perfect still further the splendid machinery of service.

Cordially and sincerely,

WOODROW WILSON.

JUNE 7, 1918.

Mr. WILLIAM H. JOHNS,
Chairman Division of Advertising,
Committee on Public Information, Metropolitan Tower,
New York, N. Y.

DEAR MR. JOHNS: Mr. Frank C. Builta has told me how splendidly your committee cooperated in helping us get out advertising for our campaign culminating on national war savings day June 28. He has also handed me a report showing that you have during the last month placed war savings advertisements in 1,130 national publications with a circulation of more than 55,000,000 copies.

I want to tell you how grateful our committee is for the help you have given us. It would have been practically impossible for us to have turned out the advertising for our June 28 campaign without the assistance of your committee, and, of course, we could have done nothing in getting space in national publications.

It is expected that the campaign for the sale of war savings stamps will last as long as the war does, and we shall from time to time take advantage of your very kind offer to prepare special advertisements for us and shall greatly appreciate such space as you are able to give us in publications of general circulation.

Sincerely, yours,

H. E. BENEDICT,
Executive Secretary, National War Savings Committee.

JUNE 3, 1918.

Mr. WM. H. JOHNS,
Division of Advertising, New York, N. Y.

DEAR MR. JOHNS: On behalf of the American Red Cross and all of us here at headquarters, may we express our appreciation and indebtedness most heartily for your splendid cooperation and practical support which you have given in the second war-fund campaign.

Our subscriptions went over the top by 68 per cent, and this splendid achievement is due in no small part to the advertising in the magazines, farm press, and trade papers which supplied space for publicity purposes through the division of advertising.

Your cooperation was invaluable to us, and we want you and all who aided us to know how warm our feelings are toward each and every one for the help which has been given to the Red Cross.

Very truly, yours,

HENRY P. DAVISON.
Chairman Red Cross War Council.

JOHN G. O'KELLEY, of the Fuel Administration: Advertising is one of the most powerful weapons which the Federal Fuel Administration has made use of in winning its fight against a nation-wide fuel famine. No man, who has followed the course of public events since this country entered the war, can help but realize that publicity is doing its part in helping this country to defeat Germany.

Mr. GEORGE FOWLER, of American Red Cross: Mr. Chairman and gentlemen, from Mr. Davison down—or, as Mr., Mr. Davison would say, from Mr. Davison up—everybody at the Red Cross appreciates the thing that has been accomplished by the work of you men who are working in the Division of Advertising under the Committee on Public Information. We had faith. Faith has been spoken of as essential. We have felt that the first war fund was raised largely on the faith of the country. That may or may not apply in the second war fund. It will apply if we use publicity, advertising, in the proper way, to create faith.

I had the pleasure of sitting next to Mr. Britton, Mr. Daniels's secretary, who, before he came to the Navy Department, was running a few papers down in North Carolina, and I said to him that it seemed to me that this meeting was an indication that advertising is coming into its own, along with the editorial locally, as a national force to mold and make public opinion. In fact, this body here is putting the order into coordination and serve into conservation. That is what they are accomplishing.

The recognition by the Government of advertising has affected, first, I am happy to say, the work of the Red Cross for the second war-fund campaign. Owing to the difficulties that the Treasury Department experienced, naturally, in the settling upon the date for the Liberty loan, the Red Cross did receive that earlier help, and it was not an ill wind for us.

When Mr. Newell and I first met with the Division of Advertising, we said to Mr. Johns and his associates, "We want to get help for the Red Cross war-fund campaign" Mr. Johns said, "What can we do now?" He used the word "now," which I think was typical of Johns and typical of the committee on advertising. It was not what we can do next week or next month, but what we can do now. The work that we have done with the Division of Advertising has been to act as their client.

The preparation of copy, as Mr. Johns has outlined, was arranged through the various advertising agencies. We took our cue from Cusack in the Outdoor Advertising, and at the end we found ourselves with the modest 57,000,000 of circulation, and an appropriation for advertising, through the patriotism, of the advertisers and publishers, contributed through the division, to the extent of $170,000, which is a very respectable appropriation for many commercial houses extending over a whole year of time.

There has come to my mind, as I have seen the mechanics of the division worked out, as I have seen them prepare copy, take all charge of the preparation of plates, produce such drawings as "The greatest mother in the world," which you see on the screen—as I have seen them do things, which are going to affect, not the mere raising of this $100,000,000 which the Red Cross is going out after, but the attention of the country as a whole, through the Red Cross, it has seemed to me that the division, while it is occupying a higher place, will find maybe even a greater place for itself in those days of reconstruction which shall come after the war is over, and that there is something which has naturally occurred, and I believe that they will lay their lines so that the work after the war shall be one of education, and that the work done now shall have, as Mr. Schwab says, words of encouragement.

The Napoleon story that Mr. Schwab told made me feel that we were fortunate in having the divison take the Red Cross as its first battle, because it is going to win, and in winning the Red Cross battle I think that possibly the Red Cross will help to serve the purpose of putting advertising on the governmental map, as it should be placed.

The Red Cross is not actually a governmental department. It is headed by the President. It is authorized by Congress, its accounts are audited by the War Department, and in all but name it is a part of the Government. It seems to me the Red Cross comes very close to the Government in placing, as it did last Christmas time, twenty millions behind the Red Cross. Anything the Division of Advertising can accomplish will affect the country as a whole, because practically no family now is without a member of the Red Cross, practically no newspaper is without 90 per cent of its readers members of the Red Cross.

And so it seems to me that the mere raising of $100,000,000 is a very minor part that the Division of Advertising will have to play. They will play the much larger part of taking the country to the Red Cross and the Red Cross to the country. That is what the Division of Advertising has done. As I heard the other night Solicitor John Davis tell a story of a Scot who believed in predestination, and before he went over the top he stuck an extra pistol in his belt. The man next to him said, "Scotty, I thought you believed in predestination."? "Ah, but I thought I might meet a German whose day had come." So in the Division of Advertising you have no need for extra pistols, because you have seven good revolvers.

JUNE 21, 1918.

Mr. FLOYD W. PARSONS,
Editor Coal Age, Tenth Avenue and Thirty-sixth Street,
New York City.

DEAR MR. PARSONS: I have seldom read an article dealing with so technical a subject as coal with as much interest as I read your War as an industry last week. You not only have made a clear exposition of dry facts, but have illuminated them and given the public a very readable article.

Sincerely, yours,

H. A. GARFIELD,
United States Fuel Administrator.

Capt. L. B. Lent, Signal Corps, United States Army: I have been a reader of the American Machinist for the past 17 years and in my present duties as chief Engineer officer at this flying field, I find it to be of great assistance. Our method of keeping in touch with what is doing in the machinery world, and of finding out how others would do the things that we are called upon to do, is to read the American Machinist.

Commander H. E. Lackey, Naval Proving Ground, Indian Head, Md.: Upon the receipt of the American Machinist it is looked over by the officer in charge and passed on to supervisory force with articles of special interest marked for attention. The magazine then goes to machine shop and drafting room at which points supervisory mechanics and all draftsmen have access to same. The advertisements are of particular interest to those charged with getting out specifications.

Inspection Division, Ordnance Department: The articles on the production of war materials have been timely and instructive. You have attempted with a great degree of success the coordination of the Government's requirements and manufacturers' production along essential lines. The munitions makers as a body avail themselves of the information contained in your advertising columns as to machine tools which will meet their requirements in the production of war material.

Gen. Dickson, Ordnance Department: The American Machinist has for some time past printed illustrated articles describing the methods employed in Government establishments which have helped manufacturers to produce different articles of ordnance. These articles have been of assistance in obtaining prompt and economical production of urgently needed ordnance.

President Dayton-Wright Airplane Co.: We feel it would be improper to the manufacturers, especially to those who are assisting the Nation by supplying it with war material, to deprive them of the invaluable assistance which your magazine affords. We find the American Machinist a great help in many lines of our work.

Curtiss Aeroplane and Motor Corporation: Your paper is invaluable to us and I do not see how we could get along without it. It has kept us posted up to the minute on all new machine-shop practices; also on the designing of new tools and equipment It further has been of great value to us in placing orders for new machinery.

War Board American Electric Railway Association: We appreciate very much what the Electrical Railway Journal is doing, and especially in this particular case. Mr. Cole's work is a very valuable one and should have the attention of the electrical men throughout the world. Our board was very much pleased with the spirit of cooperation shown by you in this manner and on behalf of the board I desire to express our great appreciation of your assistance.

Hundreds of pages could be filled with letters and other evidence to illustrate the quasi public character of the Business Papers, and how they served the country during the greatest crisis in its history.

I repeat that it was little less than a godsend that the country possessed the highly developed national channels of intercommunication afforded by our great periodicals and newspapers.

After the war, as before, the functions of the Press will be no less vital to the well being of the Nation both socially and industrially. The thinking people of the country realize this and will not, I am confident, permit their representatives in Washington to interfere with the free expression of opinion or its widest dissemination, in the form of periodicals and newspapers.

Zone rates on the information carried in publications, whether advertising or editorial makes no difference, would restrict, contract and sectionalize both thought and business. Low flat rates on the transportation of information are indispensable to the continued unity and progress of this country, both industrially and socially.

I have faith therefore, that the force of public opinion will compel Congress to repeal the Zone Rates on Second Class matter which were dragged through in the form of a "rider" on the 1917 Revenue Bill.

APPENDIX A

WASHINGTON, D. C., *June 27, 1918.*

Mr. ALLEN H. RICHARDSON,
Publishers' Advisory Board,
200 Fifth Avenue, New York, N. Y.

DEAR SIR: In answer to your letter, I beg to say I prefer not to accept a retainer to appear before legislative committees upon matters of public policy, as in such matters, if I have anything to say, I desire to speak only as a citizen.

I have no hesitation in saying that I regard the zone system of postal rates for newspapers and periodicals coming under the definition of second-class mail matter as ill-advised. The Commission on Second-Class Mail Matter, appointed in 1911, of which I was a member, considered this question, and reported unanimously against the zone system. We said in that report:

"The policy of zone rates was pursued in the earlier history of our post office and has been given up in favor of a uniform rate, in view of the larger interests of the Nation as a whole. It would seem to the commission to be entirely impracticable to attempt to establish a system of zone rates for second-class matter. Progress in the post office, with respect both to economy in administration and to public convenience, leads away from a variety of differential charges to uniform rates and broad classifications."

In my judgment the zone system for second-class mail matter is unjust to the publishers and unjust to the public. It not only imposes upon the publisher the additional rates upon a sectional basis, but it makes necessary the added expense for the necessary zone classifications at a time when every economy in production and distribution is most important. It introduces a complicated postal system, to the very great inconvenience of the publisher and the public when there should be a constant effort toward greater simplicity. There is no more reason for a zone system of rates for newspapers and magazines than for letters. Newspapers and magazines are admitted to the second-class postal rates on the well-established policy of encouraging the dissemination of intelligence, but a zone system is a barrier to this dissemination. If it is important that newspapers and magazines should be circulated, it is equally important that there should not be sectional divisions to impede their general circulation throughout the entire country.

We are proud at this moment of our united purpose, but if we are to continue as a people to cherish united purposes and to maintain our essential unity as a Nation we must foster the influences that promote unity. The greatest of these influences, perhaps, is the spread of intelligence diffused by newspapers and periodical literature. Abuses in connection with second-class mail matter will not be cured by a zone system of rates. That will hurt the good no less than the bad, and perhaps some of the best sort of periodical literature will be hit the hardest.

We do not want to promote sectionalism, and one country means that in our correspondence and in the diffusion of necessary intelligence we should have a uniform postal rate for the entire country. The widest and freest interchange is the soundest public policy.

I hope that Congress will repeal the provision for the zone system, which is decidedly a looking-backward and walking-backward measure.

Very sincerely, yours,

CHARLES E. HUGHES.

APPENDIX B

The Post Office Department has frankly admitted that it has no adequate postal cost data on periodicals and newspapers later than that which it compiled for the Penrose-Overstreet Commission of 1907 and the Hughes Commission of 1912. To all requests for more recent data the Post Office Department has invariably referred inquiries to the report of the Hughes Commission of 1912, based upon weighings and calculations two years prior to that date (1910), as the latest statistics available in computing present costs of postal handling on newspapers and periodicals.

If the figures submitted by the Post Office officials are correct, then they are open to the charge of extravagance and inefficiency. Let us examine these official figures and statements:

Joseph Stewart, Special Assistant in the Post Office, submitted an official table in May, 1918*—the latest available—declaring that the eighth zone transportation cost, exclusively is 8.76 per pound.

(Senate Committee on Post Offices and Post Roads, 65th Con., 2d Session, April 30th and May 1st, 1918, page 54.)

At the same hearing, and within a few hours, First Assistant Postmaster General Koons testified as follows:

> "Now, I can illustrate that by one of the news companies. This company gave us 17 per cent of their shipments at a cent-a-pound rate, and none of it was east of Denver (7th and 8th zones). That was an organization in New York City. * * * Now, it costs us 10 *cents a pound transportation*, practically, on every pound that they gave us."

(Testimony of the First Assistant Postmaster-General Koons, page 81, Ibid.)

It is unusual to find a government official dealing thus contradictorily with important figures for the guidance of Congress. For: on page 68 of the same official testimony, this same First Assistant Postmaster General at the *same* hearing testified:

> "One gentleman testified that he had 2,200 subscribers in California (eighth zone). *Now the transportation on that alone costs* 15 *cents a pound.*"†

(Testimony of the First Assistant Postmaster-General Koons, page 68, Ibid.)

Let us compare these cost estimates of transportation with the transportation charges quoted by the railroads for that identical kind and manner of transportation by the Pennsylvania and the New York Central Railroads, to newspapers and periodicals, in carload lots.

	Per 100 lbs.
From New York to Denver, Colo.	$2.12½
" " " " San Francisco, Cal.	2 56½‡

The railroads have extremely high overhead charges, interest on bonds, dividends on stock so high that they have made the numerous stock issues of these great railroads profitable securities in the stock market for years. The Post Office has none of these overhead charges; the railroads are out for profits and the Post Office is not.

*For more detailed comparison the table in full is herewith given:
Joseph Stewart, Special Assistant to the Attorney General, submitted a memorandum containing the following table:

(Senate Committee on Post Offices and Post Roads, Sixty-fifth Congress, Second Session, April 30 and May 1, 1918, page 54):

Estimated average cost of carrying and handling second-class mail matter per pound the distance indicated:

Parcel-post zone	Mean distance (to center of zone indicated) Miles	Transportation (railroad and other) Cents	Handling and overhead charges Cents	Total Cents
First, second and third	225	1.58	3.86	5.44
Fourth	450	2.49	3.86	6.35
Fifth	800	3.90	3.86	7.76
Sixth	1,200	5.52	3.86	9.38
Seventh	1,600	7.14	3.86	11.00
Eighth	2,000	8.76	3.86	12.62

†It will be noted that in the seventh and eighth zones First Assistant Postmaster-General Koons' allegations are approximately from 25 to 70 per cent. different from those in Special Assistant Joseph Stewart's statistical table. What do such postal computations mean in the light of their absurd contradictions? *And where is the truth?*

‡The costs in various zones from New York City on railroad transportation charges for the Pennsylvania and New York Central Railroads are herewith furnished as a basis for comparison:

		Zone
Pittsburgh, Pa.	per 100 pounds $0.45	4th
Columbus, Ohio	" " " .58½ and $0.59	4th
Chicago, Ill.	" " " .75 " .99	5th
Denver, Colo.	" " " 2.12½	7th
San Francisco, Cal.	" " " 2.56½	8th
New Orleans, La.	" " " 1.54	6th
Minneapolis, Minn.	" " " 1.07½	5th
Charleston, S. C.	" " " 1.67½	5th

And these profit-making railroads can do for 2.12 cents and 2.56 cents what the Post Office officials claim costs 8.76 cents, 10 cents and 15 cents for the same transportation service! **And upon such uncertainties and contradictions, Congress has overturned the equal postage rates for all American citizens upon their reading matter!**

The First Assistant Postmaster General states that it cost the Post Office Department from four to six times more for its transportation than the railroad charges for identically the same service.

The transportation charges of the railroads are given for units of not larger than one car—a trivial unit; while the Post Office handles *thousands and thousands of carload lots* on steady and continuous service throughout each year.

Take into consideration a figure of transportation cost of second-class mail from the Postmaster General's Annual report for 1917, page 18.

> **"The total shipment of periodicals by freight during the fiscal year, therefore, consisted of 4,367 carloads weighing 127,289,781 pounds at a cost of $686,608.75."**

Therefore, on the official statistics and information available to Postmaster General Burleson—and which was furnished him for his annual report—we find that the final official and apparently **reliable figures for the cost of postal transportation of second-class matter is but one-half cent a pound.**

Approximately one-half cent a pound! And this cost covers "freight, cartage and unloading charges!" The explanation of this discrepancy from high official sources is submitted to your judgment. Although in this connection the splendid analysis in a speech made by Congressman Steernerson of Minnesota is worthy of quotation in this matter of postal cost transportation.

> **"Gentlemen, it is as plain as sunshine that when the volume of mail is 4,000,000,000 pounds, and we pay the railroads $60,000,000, that we only pay 1½ cents per pound on the average."**

(Congressman Steenerson, member of the Committee on Post Offices and Post Roads; speech of May 14, 1917, reported in Congressional Record.)

Yet under the present postal zone law there is exacted 10 cents a pound to the eighth zone, outside of a flat increase of 50 per cent on the reading pages, with the fantastic allegation that even this stupendous postage rate spells a huge loss!

It is on such free-and-easy figuring that the romance of*a book-keeping deficit in the Post Office has been built up. And this is the face of the *fact* that the Post Office in the official annual report for 1917 showed a surplus of over twelve million dollars; and for this year, 1918, approximately twenty million dollars surplus, after deducting the war postage rates!

APPENDIX C

The Post Office officials continuously refer to the periodical and newspaper postal cost computations and estimates which it furnished the Hughes Commission. The Hughes Postal Commission consisted of the Hon. Charles E. Hughes; Henry A. Wheeler, president of U. S. Chamber of Commerce, and A. Lawrence Lowell, president of Harvard University. Therefore a reproduction of this interesting postal tabulation is important; although the value of these tabulations furnished by the Post Office Department is considerably lessened in the light of the somewhat contemptuous references to these "tabulations" in the Hughes Postal Commission report itself, for of them it says:

> **"There is no evidence upon which a finding can be made as to the cost for the services above mentioned of other subdivisions of second-class mail; that is, of the different sorts of newspapers and periodicals."**

(Page 137, Message of the President transmitting the Annual Report of the Postmaster General for 1911, containing Hughes Postal Commission Report.)

But even more drastic than this is the further statement of the Hughes Postal Committee as to Post Office "evidence" of postal costs for it states that:

> **"The evidence submitted does not justify a finding of the total cost of transportation and handling the different classes of second-class mail matter."**

(Page 137, Ibid.)

And again:

> **"The policy of zone rates was pursued in the earlier history of our post office and has been given up in favor of a uniform rate in view of the larger interests of the Nation as a whole.**
>
> **"It would seem to the Commission to be entirely impracticable to attempt to establish a system of zone rates for second-class matter."**
>
> **(Ibid. page 140.)**

It is true, however, that the Hughes Commission, after totally discrediting the analysis and tabulations spread before it, assumes, with or without these discredited tabulations, what it calls "an approximate" cost of postal service. But these statistics, tabulations and postal costs, clearly dismissed as worthless by the Hughes Postal Commission, are the selfsame statistics which the Post Office officials have ever since offered to Congress as the latest statistics upon these postal subjects!

This compilation was made in 1908; laid before the Hughes Commission in 1911; and has now been submitted to the Senate Committee on Post Offices and Post Roads, 65th Congress, Second Session, April 30, and May 1st, 1918, by First Assistant Postmaster General Koons, as the latest Post Office data! This is the famous table:

(Letter of First Assistant Postmaster General Koons, June 13, 1918.)

"Table submitted to the Hughes Commission by the Post Office Department, October 21, 1911, showing the revenue, expense, and profit or loss per pound and per piece of the several classes of mail:

1	2	3	4	5	6	7	8	9	10
Classes of mail.	Revenue per pound	Expense per pound	Profit per pound	Loss per pound	Pieces per pound	Revenue per piece	Expense per piece	Profit per piece	Loss per piece
First	0.83026	0.56066	0.26960	.....	45.10	0.01841	.01243	.00598	.....
Second:									
Paid at pound rate	.01000	.08476	.....	0.07476	4.79	.00209	.01769	.....	.01560
Free in county	.....	.06731	.....	.06731	6.45	.....	.01104	.....	.01104
Transient	.05636	.09498	.....	.03862	3.00	.01879	.03166	.....	.01267
To Canada	.04678	.04865	.....	.00187	1.98	.02363	.02457	.....	.00094
Local delivery	.05242	.03495	.01747	.....	3.80	.01379	.00920	.00459	.....
All second class	.01130	.08333	.....	.07203	4.80	.00235	.01736	.....	.01501
Third	.14047	.15237	.....	.01190	9.58	.01466	.01590	.....	.00124
Fourth	.16492	.08158	.08334	.....	3.16	.05219	.02582	.02637	.....
Congressional free (franked)	.....	.15664	.....	.15664	1.99	.....	.07871	.....	.07871
Departmental free (penalty)	.....	.10450	.....	.10450	5.38	.....	.01942	.....	.01942
Foreign	.15879	.10929	.04950	.....	10.32	.01538	.01059	.00479	.....

(Senate Committee on Post Offices and Post Roads, Sixty-fifth Congress, Second Session, April 30 and May 1, 1918, page 65.)

This table bears internal evidence of its own inaccuracy and absurdity. The expense of second-class mail is given at $0.8333 per pound. Observe that the postal expense per *piece* of first-class mail (letters and postcards) is $0.01243, while the expense per piece of second-class mail (periodicals and newspapers) paid at pound rate is $0.01736. Or, in other words, it costs *42 per cent* more *per piece* to handle second-class mail than letters!

What an obvious absurdity!

Now, then, the facts. A letter is collected by a postman from a letter box at the corner; it is carried to the Post Office; it is sorted in the Post Office, "worked "as it is technically called; post-marked; distributed into its proper case; sacked in special, heavy, leather pouches (and sometimes the bag weighs more than its contents); it is tagged with its address; it is then carried to a truck; next driven to the railroad car; and at the car again handled from the truck into the car.

In the case of second-class matter (periodicals and newspapers) they are delivered to the car by the publisher already sacked, routed and addressed in light weight canvas sacks filled to capacity. And not until then does the postal cost to the Post Office begin.

And yet, in the face of this tremendously expensive handling cost on first-class mail, as compared with second-class mail, the Post Office Department handed to the Hughes Commission a statement that it cost *42 per cent more* per piece for second-class matter than for first-class matter! Is not that an obvious absurdity?

Such figures are absurd on their very face, and discredit any and all computations in which they are involved or to which they are attached.

In the table furnished by the Post Office officials to the Hughes Commission—and still the latest and best statistics compiled, according to their statements—that "local delivery" of second-class matter is charged with an expense of $0.03495.

In order to realize some bearings of this important figure let us turn to another page of Post Office official statements and statistics.

Absolute statistics offered by the Post Office as such as to what constitutes not only overhead, but all other charges on periodicals and newspapers other than transportation, is found on page 61 (Senate Committee on Post Offices and Post Roads, Sixty-Fifth Congress, Second Session, April 30 and May 1, 1918), in which First Assistant Postmaster General Koons states that "the average cost of handling and overhead charges (second-class mail) would be 3.86 cents a pound, "and that this, moreover, includes every charge from the salary of the Postmaster General on down to the Rural Route Service.

Turn now to the tabulation again, note *there* that the *"local delivery"* second-class mail is $0.03495 *per pound;* the overhead on that and all other second-class matter is stated to be $0.0386 *per pound.* Thus we have the amazing condition, offered as sober statistical proof by Post Office officials, *that the overhead on local delivery is greater than the total postal expense!*

To put it a little differently, the Post Office solemnly assures us that the total expense of one pound of second-class matter is $0.03495 per pound, and yet at the same time, with equal solemnity, assures us that the overhead alone on the same pound is $0.0386 per pound!

In other words, the lesser has performed the miraculous feat of swallowing the greater. Of what value are any figures evolved by such amazing accounting methods?

What comment is adequate to paint this statistical lily!

STATISTICAL OBSCURITIES AND OVERHEAD COSTS

Is the overhead charge against certain classes of mail on a pound basis and against other classes of mail on a piece basis?

In the Hughes table the average number of piece of second-class mail per pound is given as 4.80, while the number of pieces of first-class mail per pound is 45.10—while postal cards alone in first-class mail run over 170 pieces to the pound!

If the overhead is charged—as there seems reason to believe is the method—on the basis of poundage, on second-class matter we get an alleged overhead of 3.86 cents per pound—each pound consisting of 4.80 pieces; or, an overhead per piece of practically .008 cents per piece. This same overhead rate of eight-tenths of a cent per piece applied to postcards—on which the Department claims it makes a profit—would give an overhead of $1.36 per pound!

Is the Post Office comparing pounds of postal matter regardless of the number of pieces that compose each pound?

Are they comparing a pound of magazines and periodicals—where sometimes one magazine will weigh four pounds and where in extreme cases it will take 16 pieces to the pound—with letters and postcards that run from 38 or 170 pieces to the pound?

Let us assume a one-pound magazine; it goes to *one address*. It has *one handling;* it has one distribution; it has but *one delivery* to a single reader. It has no cost of collection because publishers deliver it ready sacked and addressed to the Post Office or post-office railroad car.

A pound of letters required thirty-eight different handlings; thirty-eight separate distributions, and thirty-eight deliveries to thirty-eight different addresses. It has had thirty-eight collections by postman and thirty-eight handlings and distributions and sackings before ever it gets to the railroad car.

A pound of postcards requires 170 different handlings, 170 separate distributions and 170 deliveries to 170 different readers.

The absurdity of comparing a single pound of postal matter composed of an average of 38 units or of 170 units with a pound of other postal matter averaging 4.80 pieces to the pound is absurd. And for it to be compared as a basis of determining the postal cost for each—as the Post Office has done, is fantastic and self-discrediting.

APPENDIX D

Much has been alleged about postal deficits. As a matter of fact *there is no postal deficit.* The Postmaster General's report for 1917 shows a surplus of over $12,000,000. The Post Office report for 1918 shows a surplus (after deducting the increased receipts from war postage) of over $19,900,000!

What an absurdity to talk about a Post Office deficit, when there is none!

"But," says the theoretical-deficit champion, "there is a bookkeeping deficit, due to the handling of second-class mail."

Of course the importance of such an allegation depends upon the soundness and accuracy of the accounting methods used in determining such "book-keeping" deficit; the *absurdities* and *unsoundness* of Post Office accounting methods and their discrediting by the Hughes U. S. Postal Commission in its official report, together with the *fact* that the statistics on second-class (periodical and newspaper) postal costs, offered by the Post Office as its best and latest, compiled ten years ago, in 1908 definitely controverts the deficit allegation as a present day condition.

The Post Office is not and never was established by the founders of this nation and the great Americans who have contributed to its development to be a money-making institution. It was a vital social service to the nation, clearly developed as such at every stage, and never intended to be considered or computed in terms of *pecuniary profit and loss.*

But for those minds that are given to considering interesting statistical differences and who are curious as to academic and accounting "deficits", the following table is offered as of the utmost relevency in grasping this Post Office cost-of-service question. Certain States spend vastly more than others on their postal up-keep. Not infrequently, in fact quite generally, these are the States that *contribute least to the postal revenues.* An interesting and unavoidable comment, in the light of these tabulations from official sources is that the States that contribute least to the Postal Revenues of the nation, are those States in which the aggregate magazine circulation (second-class mail matter) is the lowest per hundred of population.

It may be generally observed that the number of postal patrons per square mile, and the use these patrons make of the postal function exercises a controlling influence upon the postal revenue. Comparison of Montana with North Carolina furnishes a striking illustration of this economic postal fact.—Note these figures:

STATES	Pop. per sq. mile Latest U. S. Census	Per Capita Postal Receipts	Percentage of each State's postal Rev. expended for compensation to post-masters, etc.	Magazine circulation per 100 of population	Percentage of Native White Population Latest U. S. Census
Montana	2.6	6.24	30.43	31.2	71.5
North Carolina	45.3	1.73	68.50	6.3	67.7

Here is the complete tabulation:

TABLE OF COMPARATIVE POSTAL STATISTICS

STATES	Pop. per sq. Mile Latest U. S. Census	Per Capita Postal Receipts¶	Percentage of each State's postal revenue expended for compensation to its post-masters, city and rural service†	Magazine circulation per 100 population*	Per cent of Native White Population Latest U. S. Census
New England States					
Maine	24.8	3.73	49.88	15.	84.8
New Hampshire	47.7	3.46	53.06	13.	77.4
Vermont	39.0	3.58	61.05	14.5	85.5
Massachussetts	418.8	5.45	26.42	15.	67.5
Rhode Island	508.5	3.78	26.57	13.7	65.3
Connecticut	231.3	4.92	28.30	18.	69.1
Eastern States					
New York	191.2	6.91	21.10	14.4	68.4
New Jersey	337.7	3.75	30.77	11.3	70.5
Pennsylvania	171.0	4.29	30.96	12.8	78.7
Delaware	103.0	4.17	34.02	13.2	76.
Maryland	130.3	3.93	31.12	12.2	74.
Dis. of Col	5517.8	9.31	17.33	(Included in Md. xxx)	64.
Southern States					
Virginia	51.2	2.91	45.11	9.	66.1
W. Virginia	50.8	2.46	46.65	10.4	90.1
N. Carolina	45.3	1.73	68.50	6.3	67.7
S. Carolina	49.7	1.71	62.44	5.5	44.4
Georgia	44.4	2.23	54.07	7.3	54.3
Florida	13.7	3.76	41.72	10.4	54.4
Alabama	41.7	1.50	65.45	5.6	56.6
Mississippi	38.8	1.33	74.57	4.4	43.2
Louisiana	36.5	2.20	32.10	7.1	53.7
Texas	14.8	2.95	43.24	10.6	76.1
Arkansas	30.0	1.83	53.53	8.	70.8
Kentucky	57.0	1.85	51.46	8.3	86.8
Tennessee	52.4	2.22	60.98	8.2	77.5
Middle Western States					
Ohio	117.0	4.47	34.53	17.7	85.1
Indiana	74.9	3.11	52.74	15.9	91.8
Illinois	100.6	7.34	22.55	13.1	76.7
Michigan	48.9	4.27	41.31	18.4	77.9
Wisconsin	42.2	3.44	49.99	11.8	77.5
Minnesota	25.7	4.79	40.78	16.1	73.
Iowa	40.0	3.96	53.48	15.5	87.
Missouri	47.9	4.62	35.08	14.	88.2
Western States					
North Dakota	8.2	3.65	65.71	13.9	71.7
South Dakota	7.6	3.45	61.03	15.	79.3
Nebraska	15.5	4.33	47.87	17.8	84.2
Kansas	20.7	3.34	67.94	13.7	88.7
Montana	2.6	6.24	30.43	31.2	71.5
Wyoming	1.5	4.91	28.75	24.1	77.6
Colorado	7.7	5.15	30.31	21.4	82.2
New Mexico	2.7	3.04	30.21	11.1	86.1
Oklahoma	23.9	2.76	54.26	10.7	84.8
Pacific States					
Washington	17.1	4.69	30.62	25.2	76.
Oregon	7.0	4.51	36.12	22.6	82.1
California	15.3	6.18	25.44	27.5	73.3
Idaho	3.9	4.36	43.91	23.	85.6
Utah	4.5	4.51	27.68	18.1	81.2
Nevada	0.7	5.11	24.94	21.	68.7
Arizona	1.8	4.96	24.77	22.	61.
Alaska	.....	.....	39.80	.....	.....

Per capita receipts for the United States for year 1918, $3.67—Postmaster General's Report, 1918, page 109.

Aggregate expense for all States for Compensation to Postmaster, City, and Rural Delivery Service $133,348,500.96

Aggregate total U. S. postal receipts 381,092,575.82

(Postmaster General's Report, 1918, page 139.)

The average expense for each State's own service is therefore 35 per cent of its receipts. Consequently, any State with a greater percentage of expense than 35 per cent. is feeding on the revenue from the States whose expense is less than 35 per cent. A glance will disclose the States that are below the margin of self support—and the degree of this dependency.

¶Computed from data submitted by Postmaster General Report, 1918, pps. 137-138.

†Computed from data in Postmaster General's Report 1918, pps. 137-9.

*See foot note page 22.

APPENDIX E

As a deliberate step forward in the development of the postal policy of the United States, the one-cent-a-pound rate was established for second-class postage, i.e. for periodicals and newspapers. This cheapening of the postage rate was a part of the deliberate policy of the United States intended to stimulate the widest and easiest spread of information through current periodical publications.

The importance of the appended table lies in the fact that periodical poundage is steadily increasing, and as it has increased there has been a very decided general tendency toward decreasing postal deficits, until finally, in 1911, there began a series of postal surpluses unequalled in the history of our postal department. Bear in mind that these surpluses have been achieved concurrently with the greatest increase in the poundage of magazines and newspapers handled through the Post Office Department that this nation has ever seen.

This tendency to decreasing deficits, accompanied at the same time by absolutely increasing poundage of periodicals and newspapers, is still further accented by the fact that in 1896 there was introduced the Rural Free Delivery—the most expensive, and a very important, postal function. In spite of these huge increased general postal expenses, the tendency to decreased deficits has steadily persisted.

Exhaustive study of postal finances in relation to second-class mail was made by the Hughes Postal Commission. The Commission in its report exhibited a *"Comparative Statement of Annual Receipts and Expenditures—Deficits."*

(Message of the President transmitting the Annual Report of the Postmaster General for 1911—and Report of the Commission on Second-class matter, page 63.)

The Exhibit consists of a table showing receipts, etc., for each year from 1865 to 1910, and about which the Commission makes a very significant observation as a warning to careless readers:

> "So many factors are involved that mistaken inferences may easily be drawn from these figures, and various arguments have been based upon them. But it may be observed that neither the reductions in the paid-at-the-pound rate of 1874-1879 and 1885, nor the increase in tonnage of paid-at-the-pound rate matter during the same period —nor yet the very large increase of 1910—can be shown to have exercised a controlling influence upon the Department's deficit."

Obviously, increased volume of second-class matter had no influence in creating a postal deficit, because the business of handling second-class matter is not conducted at a loss, and this very rational conclusion is sustained by the facts. Here they are:

Year	Excess of Expenditures Over Revenue	Postage Rate	Poundage of 2d Class Mail Handled (Ibid) Page 62
1875	$6,819,948.86	Two cents a pound when issued weekly or more frequently, otherwise 3 cents a pound. Act of 1874	Not reported.
1880	3,227,324.34	Two cents per pound. Act of March 3, 1879, which established the present classifications of mail in 4 classes	61,322,629
1886	7,056,320.85	One cent per pound. Act of March 3, 1885	109,962,589
1910	5,848,566.88	Act of March 3, 1885	873,412,077

And in 1917 with 1,141,620,456 (including free-in-country 1,202,339,658) pounds of second-class mail at cent-a-pound rate at the Post Office Department receipts exceed expenditures by $12,249,487.17.

And please bear in mind that this surplus was returned though the postal revenues were required to meet the enormous additional expense of over $52,000,000—the cost of the Rural Free Delivery Service—which was inaugurated October 1, 1896. Besides this great outlay, free and deadhead mail of vastly increasing volume has been handled without any charge whatever upon the National Treasury.

And it must be remembered, too, that the compensation to employees has steadily increased—for example, the average compensation of carriers in 1863 was $500; and the Postmaster General says: "The salaries of carriers was increased from $1,126.50 in 1917 to $1,131.26 in 1918." Report 1918, page 24.

These statistics and tabulations, therefore, drawn from the official sources of years of post office experience, point clearly to the existence of an economic law in postal functioning: that *there is a clear and unmistakeable relation between the increasing poundage of periodicals and newspapers and decreasing postal deficits.*

TABULATION OF LESSENING POSTAL DEFICIT WITH INCREASING SECOND-CLASS POUNDAGE

Year	Audited Postal Deficit (minus—) or surplus (plus+)	Deficit	Surplus	Poundage
1897	—$11,431,579.41	12.15	.....	310,658,155
1898	— 9,054,551.75	9.24	.....	336,126,338
1899	— 6,630,135.60	6.52	.....	352,703,226
1900	— 5,410,358.10	5.02	.....	382,538,999
1901	— 3,981,520.71	3.44	.....	429,444,573
1902	— 2,961,169.91	2.38	.....	454,152,359
1903	— 4,586,977.16	3.3	.....	509,537,962
1904	— 8,812,769.17	5.78	.....	569,719,819
1905	— 14,594,387.12	8.95	.....	618,664,754
1906	— 10,542,941.76	5.9	.....	660,338,840
1907	— 6,692,031.47	3.5	.....	712,945,176
*1908	— 16,910,278.99	8.1	.....	*694,865,884
1909	— 17,479,770.47	7.9	.....	723,233,182
1910	— 5,881,481.95	2.55	.....	817,772,900
1911	+ 219,118.12	.....	.09	893,296,908
1912	— 1,785,523.10	.71	.....	939,940,355
1913	+ 4,510,650.91	.....	1.72	997,547,040
1914	+ 4,376,463.05	.....	1.54	1,026,901,367
†1915	— 11,333,308.97	3.79	.....	1,047,144,274
1916	+ 5,829,236.07	.....	1.99	1,138,353,002
1917	+ 9,836,211.90	.....	3.07	1,141,620,456

*Note the significant fact that 1908 is the only year to show a decline in poundage and its reflection in a striking jump of the deficit for that year.

†(The Postmaster General ascribes the deficit of 1915 to the European war which occasioned a loss of $21,000,000 in postal revenue, Report 1915, page 4.)

Throttle the easy, equal circulation of periodicals and newspapers throughout our nation and you will decrease postal receipts in the aggregate, and, what is *far more important* you choke the great intellectual artery of civilization whereby our nation became instantly unified and made one in its social, economic and political ideals. Without equal undiscriminating postage and easy accessibility of the publications to the nation, our achievement in the great European war could never have been accomplished.

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